



Churchill's vision of Europe

by Sir Edward Heath

Commentators, page 17



Suzanne Moore

Watching Daddy Paddy with the Lib-Dems



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THE INDEPENDENT

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WEATHER Sun and showers

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Dozens killed, hundreds shot, as Middle East hopes are buried in the battle of Joseph's Tomb

Gun battles between Israeli troops and Palestinian policemen, settlers and civilians, spread like a forest fire across the West Bank and Gaza Strip yesterday bringing the Middle East peace process to the brink of collapse.

By nightfall at least 24 Palestinians and 11 Israelis were dead. More than 250 Palestinians and 43 Israelis were treated for bullet wounds - together the bloodiest day since the peace process began in 1993. "It's a picture of war," co-ordinator of the peace process, Bill Clinton, said last night to intervene personally to bring a halt to the violence, sparked by Israel's decision to open a new entrance to an ancient tunnel near the holy sites in the old city of Jerusalem. Efforts were being made last night to arrange an emergency summit between the Israeli Prime Minister, Benjamin Netanyahu, and the Palestinian leader Yasser Arafat.

After two days of bloodshed, it looked extremely difficult to salvage the peace process, however much both sides may want to. The feeling was growing that both Arafat and Netanyahu had lost control of the situation. Senior Palestinian officials admitted that some of their police

units were ignoring orders to cease fire, broadcast throughout the evening in Mr Arafat's name. Co-operation between the security services was a cornerstone of the Oslo peace agreements. What chances of such co-operation being restored after they have been killing and maiming each other?

Earlier Mr Netanyahu flew home after cutting short an official visit to Germany. He spoke to Mr Arafat, by telephone, and asked for an urgent meeting, but Mr Arafat declined to give him an immediate answer. Netanyahu told Arafat it was important the two "look one another in the eye so that each knows what the others' intentions are," said one Israeli official. Arafat reportedly replied that he saw no point in meeting unless Israel came up with proposals for implementing the peace agreements, which have been marking time since Mr Netanyahu came to power in June.

Both the Prime Minister and his Defence Minister, Yitzhak Mordechai, had spoken earlier to Mr Arafat, urging him to stop Palestinian police firing on their Israeli counterparts. A senior Arafat aide put the blame on Israel, saying the vi-



Death on the streets: Palestinians carry away one of the nine wounded by Israelis in violent clashes in Bethlehem Photograph: Rula Halawani/Reuters

Eric Silver in Jerusalem

Violence was triggered by Israeli troops using live bullets. "They are killing the peace process," the Palestinian Cabinet secretary, Ahmed Abdel Rahman, said. He demanded that Israel close the tunnel and fulfil promises it had made in the peace agreements.

Israeli helicopters and armoured personnel carriers were

state of emergency and tried to seal off West Bank towns under Palestinian self-rule. The day's worst violence was reported from two isolated Jewish settlements in the Gaza Strip - Netzarim and Kfar Darom - and from Nablus.

Exchanges of fire, were also reported from Ramallah, where seven Palestinians were shot

then fired warning shots in the air with live ammunition. Palestinian policemen fired back and the confrontations deteriorated into gun battles between the two uniformed forces, which are supposed to co-operate in the enforcement of the interim peace agreements. Many of the soldiers and police shooting at each other would have been engaged in joint patrols up to two days ago.

In Kfar Darom, Michal Sheinbaum, who was sheltering with her children while her husband joined the fighting outside, told Israel Radio: "The shooting got worse and worse. The Arabs were standing by the gates. We're here by a miracle. All we can do is pray to God. Whatever will be, will be."

Last night President Clinton appealed to "both sides to end this violence". Asked if Israelis should reveal the tunnel whose opening sparked the violence, Mr Clinton came close to a direct criticism of Israel's actions. "They need to discuss these matters between them," he said, "and they need to ask themselves what can we do to avoid unnecessarily provocative actions."

Israeli analysts are worried that the armed intervention of the Palestinian police will play

into the hands of Israeli hard-line opponents of the Oslo agreements, especially those campaigning against the redeployment of Israeli troops from Hebron, the last West Bank town still under occupation.

Mr Netanyahu's decision to open the Jerusalem tunnel, despite the reservations of his security advisers, is coming under increasing criticism in the Israeli media. Some commentators are asking whether he can get back into negotiations without closing the tunnel, however much prestige that would cost him.

David Grossman, the novelist and writer on Arab affairs, said yesterday: "The situation is extremely fragile and dependent very much on the good will and intelligence of both sides. It appears that our side is demonstrating neither good will nor much intelligence."

"If you try to build a partnership with someone, even if he is your enemy, you cannot knock him down. The steps taken by the Israeli Government are not directed at building a peace of equality and mutual ally, but rather at freezing the Palestinians into a situation in which they are subordinate to us and dependent on our good will."

Inside
Violence born of Bibi's tunnel vision. Comrades turn their guns on each other. US urges two sides to stop the killing. Page 12

deployed last night to evacuate about 40 soldiers and settlers besieged in Joseph's Tomb, a militant Jewish religious enclave in the autonomous West Bank town of Nablus. The shrine was reported to be burning.

Two Israeli soldiers were shot dead. Palestinian rioters set fire to three Israeli army jeeps trying to evacuate the site. An official at Palestinian headquarters in Nablus said they had imposed a curfew in an effort to get the Israelis out peacefully. The Israeli army declared a

dead on Wednesday, and in Bethlehem, Hebron and East Jerusalem.

Hundreds of slogan-shouting Palestinians marched on the two Gaza settlements shortly after dawn. The soldiers and paramilitary border police guarding them came under a barrage of stones and bottles. The mobs then turned their wrath on civilian settlers over their perimeter fences.

According to Israeli reports, the soldiers at first responded with teargas and rubber bullets,

Liberal elitist confesses cowardice

ANTHONY BEVINS
Political Editor

Baroness Warnock, a pillar of the liberal and educational establishments, today confesses to being a coward in the face of political correctness over the conversion of polytechnics into universities.

Writing in this week's edition of the *Times Higher Education Supplement*, she says: "To condemn comprehensive schools on purely academic grounds seems 'elitist', and no accusation is more damning. Both left and right, for different reasons, are compelled to avoid such a charge, for the penalty of elitism is that all one's arguments are automatically disregarded."

But the former Mistress of Saint Mary's College, Cambridge, adds the frank admission:

"It was fear of the charge of elitism that led many members of the House of Lords, including myself to sit by in cowardly silence when the title of university was bestowed on all the polytechnics, indiscriminately."

Lady Warnock, who chaired the inquiry into the case of Harriet Harman, whose case Walden calls 'Labour's Dreyfus Case', transgressing as it did, the individual, and taking on a symbolic role within the party. The thesis of Mr Walden's book



Baroness Warnock: Set in 'cowardly silence'

is that the co-existence of the private and state school systems needs to be tackled if overall education is to be improved. Provocatively, Lady Warnock

a former headmistress of Oxford High School - says: "For one thing, consciousness of belonging to the inferior part infects teachers in maintained schools, however much they prefer, on missionary or political grounds, to teach there."

Arguing that the use of market forces had not succeeded in improving schools, Lady Warnock says: "Any method of improving education, once one has passed beyond routine abuse of teachers or pious hope, will inevitably be expensive."

Yet it has to be faced that unless this money is spent, Britain will fall further and further behind, until it reaches the lowly status of an underdeveloped country."

She adds that the word, "developing" would be too optimistic a term to use in that context.

Aligning herself with Mr Walden, she says that the greatest hope for an improvement in education standards lies in selection. Mr Walden, she says, speaks of the "nightmare of the right", of A-level standards eroding and degree courses becoming no better than extended sixth-form sessions. "I can assure him," she adds, "that here and there, but increasingly, the nightmare is reality."

QUICKLY

Palme death claim
An assassin said South African intelligence services were responsible for the death of Olof Palme, the Swedish prime minister shot dead in 1986. Page 11

Adams raises storm

Geny Adams prompted controversy when questioned about this week's swoop on an IRA explosives cache, insisting he was simply "very pleased that only one person was killed". Page 2

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Troublemakers...



Anna Ford's broadcast clash with Kenneth Clarke embarrassed John Birt. He apologised, Tories celebrated and Labour howled foul. Page 3



Temporising leaders have never found Barbara Castle a comfortable colleague. Now she's turning her steely gaze on young Tony Blair. Page 2



Just Paddy Ashdown's party? Not any more, it isn't: Shirley Williams is back, welcomed as the new heroine of the Liberal Democrats. Page 6

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Unions fight Blair over pensions

COLIN BROWN
and JOHN RENTOUL

Tony Blair is trying to head off a damaging defeat at next week's Labour Party conference by the pensioners' campaign led by Baroness Castle for a big increase in state pensions.

Mr Blair met John Edmonds, leader of the GMB general union, and Roger Lyons, general secretary of the MSF manufacturing union, to urge them to reject the campaign for the earnings link to be restored to pensions, led by the veteran for-

mer Cabinet minister and Lord (Jack) Jones.

The party leadership is also concerned that it is facing defeat at the hands of the unions on their demands for the immediate restoration of employment rights if Labour comes to power.

The Labour leadership fears it could be overturned on pensions by Lady Castle, who was responsible for establishing the link between pensions and earnings in the Wilson government. A Shadow Cabinet source said: "Fighting Barbara Castle and Jack Jones is like taking on

Mother Teresa and Nelson Mandela. It's going to be very close."

The leadership is also facing defeat in a second vote on Wednesday over demands to restore protection from day one of employment, as promised by John Smith, the late Labour leader. The unions, who hold 50 per cent of the votes at the conference, are in no mood to do the leadership favours after the rows at the TUC conference earlier this month.

A vigorous fightback against Lady Castle is being mounted by Harriet Harman, Labour's

spokesperson on Social Security. She told *The Independent*: "There is no pot of gold to pay for pensions. If we were to promise £3.5bn for pensioners, it would be a spending commitment which we would have to break, or it would mean putting taxes up."

She is pressing the unions and the constituency parties, who hold the remainder of the votes, to accept the plan for "stakeholder pensions" drawn up by her predecessor, Chris Smith, to provide a valuable top up for the state pension.

Ms Harman insists that the Labour pensions plan would target money at the poorest pensioners, while the flat rate uprating plan promoted by Lady Castle would be expensive and less effective.

Labour promised the restoration of the link between earnings and pensions at the 1992 election, funded by abolishing the ceiling on national insurance contributions. That led to the Tory "tax bombshell", which cost Labour the election. The Shadow Chancellor, Gordon Brown, is determined not to repeat the mistake.

Lady Castle is a formidable advocate. "She looks frail but when she gets to the microphone, she goes off like a bomb," said another Shadow Cabinet source. "The trade unions don't want to have a big row at the conference. It is Barbara's last stand" but we just hope that the unions and the constituencies are getting the message that her scheme is not the best."

Union sources said the union leaders "listened and said they would think about it" but gave Mr Blair no promises.

Mawhinney calls for order in Euro row

COLIN BROWN
Chief Political Correspondent

The Tory Party leadership yesterday ordered a clamp down on ministers to avoid further damaging gaffes over Europe wrecking the annual Conservative Party conference.

Brian Mawhinney, the Tory Party chairman, told a political meeting of the Cabinet yesterday that he had ordered ministers to clear their speeches with him before addressing fringe meetings at the party conference in Bournemouth.

At least three Euro-sceptic Cabinet ministers will be caught by the new ruling, Peter Lilley, Michael Howard and Michael Forsyth, are all speaking at right-wing fringe meetings and will have to submit their speeches to the party chairman for approval.

The move follows the attack on Kenneth Clarke, the Chancellor, by the junior foreign office minister, Sir Nicholas Bonsor. It is part of an effort by the party leadership to restore discipline to their long-term general election campaign after a week of public relations disasters.

Ministers are under orders

to present a confident message to voters that the Government has a clear policy direction for the millennium and beyond. John Major told Cabinet colleagues the conference should be forward looking and full of practical and realistic proposals.

Dr Mawhinney claimed the Tories' "New Labour, New Danger" campaign unveiled in the summer, powerfully reinforced the voters' belief that Labour would tax more and inflation and mortgages would both rise. Voters also fear the unions would hold the whip hand under a Blair government.

The Prime Minister has urged ministers to emphasise Tory plans to improve living standards and education, continue the law and order campaign, and the crackdown on social security fraud.

The Prime Minister also confirmed that Government policy on the single currency and Britain's opt-out at Cabinet would not change, despite the continued pressure from the Tory Euro-sceptics, but the right wing show no signs of letting up in their campaign to rule out Britain's entry into a single currency.



Image problem: Gerry Adams in front of a poster of himself at his news conference yesterday. Photograph: Edward Sykes

Adams stays in media firing line with verdict on shooting

DAVID McKITTRICK
Ireland Correspondent

Sinn Féin president Gerry Adams prompted fresh controversy yesterday as he sidestepped questions about this week's sloop on an IRA explosives cache, insisting he was simply "very pleased that only one person was killed".

Mr Adams pressed ahead with his London visit, despite his decision to pull out of a Commons meeting with Labour backbenchers Jeremy Corbyn and Tony Benn. The Sinn Féin leader did meet the MPs at a venue outside the Commons and posed for cameras on the green in front of Parliament.

Mr Adams held a news conference in the Irish Centre in Camden, north London, instead. He admitted he had nearly pulled out of news conferences and book-launches in Dublin and Belfast as well as in

London because of what happened earlier this week. "I am quite sensitive that, at a time when a young man has been killed in quite controversial circumstances in London, that I have other priorities," he said.

His suggestion that he was "very pleased that only one person was killed" in the security forces sloop on suspected IRA terrorists earlier this week came in response to a question about whether he welcomed the seizure of 10 tons of explosives.

"I think that in all of this you can look at a particular incident. We need to look at the larger position," he said.

He said he had never met Diarmuid O'Neill - the suspected terrorist who was killed - but repeated his call for questions to be answered about the circumstances of his death.

Mr Corbyn broke a silence that had lasted several days today when he told BBC Radio 4's

World at One that he had been surprised at all the fuss over the planned Commons meeting with the Sinn Féin President.

"Gerry Adams has been into the building before and, if there's to be a peace process in Ireland, clearly it has got to involve Sinn Féin and Gerry Adams," he said. "Tony Benn and myself expected to have a private meeting in the House of Commons. Somebody decided to make that public."

"It then became a public furore. I thought the meeting should go ahead anyway, but I heard with a phone call at 6.30am from Gerry Adams's personal assistant that the meeting was not going to take place there because he didn't want to continue with the problems being caused."

The republican movement yesterday refrained from claiming Diarmuid O'Neill as a member of the IRA, referring to him

in its weekly publication, *Republican News*, simply as "an Irishman." Instead, the news-sheet concentrated on alleging he had died in "an elaborate shoot-to-kill operation". It announced that a protest picket would be held at Downing Street on Sunday.

Republican News declared: "The killers riddled their victim with bullets and dragged his body from his home. When their deed was done they fed the media the story that the young man had been killed in a gun-battle and that shots had been exchanged."

"Virtually all the media in Britain and Ireland on Monday and Tuesday, in the crucial hours after the killing, dutifully carried this story."

The incident is being compared by republicans to the incident in Gibraltar in 1988 when SAS soldiers shot dead three unarmed IRA members.

Scots lay claim to tiger economy

JAMES CUSICK

Scotland would be transformed into one of the wealthiest "tiger" economies if the Union was ditched, the Scottish National Party conference was told yesterday.

A new SNP document, *The Economic Case for Independence*, insisted that Scotland is paying an annual surplus of £400m to the UK. This is a direct contradiction of government figures which currently claim that the Union subsidises Scotland by about £8bn.

John Swinney, the SNP's treasury spokesman, told the conference that Scotland, as a small resource-rich country, would thrive if independent. "Of the 35 richest countries in the world, 25 have populations of

less than 10 million - and few have Scotland's wealth of resources," he said. And in a theme that will clearly be reinforced between now and the election campaigns Fergus Ewing, the party's business spokesman, argued that independence "would give us the power to unleash economic potential and transform Scotland from an under-achieving part of the UK into one of Europe's wealthiest and most dynamic tiger economies."

Turning an £8bn subsidy into a £400m surplus has involved the SNP sharply challenging government statistics on everything from North Sea oil revenue to local business rates. The largest amount is accounted for by the claim that by removing Scotland's share of the

UK's current public overdraft, which they estimate £50bn, the Scottish subsidy could be cut in half. The Nationalists' document also claims that increasing revenues from North Sea oil will deliver an extra billion a year on top of current estimates.

It also claims that since 1979 Scotland under the Union has lost out on 21 per cent of potential economic growth.

However, the descriptions of a tiger economy and the accountancy methods used in the SNP's independence argument were attacked yesterday by the Shadow Chancellor Gordon Brown as "a Brigadoon budget" - a reference to a mythical kingdom. Mr Brown branded the SNP's sums as "wish-list politics, a list of promises no one can afford to deliver."

Under Alex Salmond's leadership the SNP has tried to behave like a party seeking to win a post-independence election. Instead of merely estimating Scotland's wealth and laying down the moral and political arguments for independence, Mr Salmond has played the role of would-be prime minister and chancellor. Yesterday's document continued that pattern, saying how an SNP government would spend its wealth.

Mr Brown continued his attack on the SNP's shopping list as "Alex in Wonderland". He said: "Under Alex Salmond's independence budget total spending climbed by £5,500 million, an extra spending commitment of £1,000 for every Scot. But without the income to make ends meet."

significant shorts

Sex offenders' escapes spark inquiries

Internal inquiries have been launched after two sex offenders escaped from community care facilities on the same day.

John Mayes, 45, who escaped from St Margaret's psychiatric hospital in Great Barr, Birmingham, on Wednesday morning after breaking away from a male psychiatric nurse in the hospital grounds was recaptured by police yesterday as he tried to hitch a lift on a motorway. Mayes was placed at the hospital two years ago after conviction of a serious sexual attack on a seven-year-old boy.

A second paedophile, Steve Daggett, who absconded on Wednesday while on a shopping trip from the top security Ashworth Special Hospital in Maghull, Merseyside, has telephoned staff at the establishment to say that his escape was a planned protest. Daggett, who has three convictions for indecently assaulting young girls in Cumbria in 1984, gave his lone escort the slip during a shopping trip to Liverpool city centre yesterday. He was not considered dangerous by hospital staff, and the trip was part of a rehabilitation programme before his release to a less secure unit.

The hospital has stopped all similar outings pending the outcome of a review of procedures.

Duchess takes book battle to court

The Duchess of York has decided to take her battle to block a book about her private life into an open court hearing, her solicitors announced last night.

Her decision came a day after she learned, following a High Court judge's ruling, that such a hearing will face her with the prospect of a public quizzing over her relationship with her former financial adviser John Bryan.

She must also find £500,000 as security for any damages that might be won by her former friend Dr Allan Starkie and publishers Michael O'Mara Books if the 10-day hearing, starting on 7 October, goes against her.

The news of her decision came as friends said she was determined to "fight on".

Alka Seltzer fizz for Asda

Supermarket giant Asda was handed by the High Court yesterday from selling the famous tummy-settler Alka Seltzer at below the price set under the Resale Price Maintenance agreement on over-the-counter medicines.

The product's makers, the German drug company Bayer, were granted a temporary injunction, pending a further hearing in a week's time, after Asda's refusal to increase the price of the larger 30-tablet packs by 10 per cent.

Asda reacted immediately by withdrawing the larger packs of Alka Seltzer from sale at its 207 stores. The company's corporate lawyer, Nick Cooper, said: "We do not believe a price increase of five times the rate of inflation can be justified."

Asda launched its campaign last October, cutting the cost of 82 brand vitamins by up to 20 per cent. It was forced to reinstate full prices when manufacturers won a court injunction. In June, Asda slashed the price of Anadin Paracetamol, but was again thwarted by High Court action. Mr Cooper said after yesterday's ruling that a report on RPM by the Office of Fair Trading was expected shortly and might recommend a full court review of price fixing.

BSE backlog worsens

The backlog in culling cattle to eliminate BSE from the national herd is worse than expected, the Government admitted yesterday.

But Roger Freeman, the Chancellor of the Duchy of Lancaster, said steps were being taken to prevent a heavy burden on farmers.

A survey showed that the number of cattle awaiting slaughter was "substantially higher" than the figures previously used for calculations, but Mr Freeman declined to give details. "The emergency continues," he said. "It seems to be worse than we had expected. We are quite determined to take the steps necessary to reassure the farming community that they are not going to be placed under an unacceptable burden over the winter months."

Mr Freeman added that he and the other agriculture ministers were determined that the cull would be completed by Christmas. Since May, 550,000 cattle have been culled.

Republicans say police 'shot to kill' in raid

The republican movement in Ireland yesterday refrained from claiming Diarmuid O'Neill, the man killed in the police raid on an IRA house in London earlier this week, as a member of the IRA, referring to him in its weekly publication, *Republican News*, simply as "an Irishman".

Instead, the news-sheet concentrated on alleging that the unarmed O'Neill died in "an elaborate shoot-to-kill operation", and announced that a protest picket would be held at Downing Street on Sunday. It declared: "The killers riddled their victim with bullets and dragged his body from his home... [then] fed the media the story that the young man had been killed in a gun-battle."

In propaganda terms the Republicans are evidently making as much mileage as possible from whether police were justified in shooting O'Neill. David McKittrick

Teenagers charged with gang rape

Eight teenagers appeared in court yesterday jointly charged with the gang rape and attempted murder of an Austrian woman tourist.

The youths, aged between 14 and 20, are accused of attacking the mother of two as she spent a weekend in London on a shopping trip. The alleged attack took place on the towpath of the Regents canal in the King's Cross area of London soon after midnight on 21 September.

Appearing at Westminster Youth Court in central London, the teenagers were also charged with robbing the victim of £50 cash, her leather jacket and her belt.

Drink spiked with ecstasy

Detectives are investigating claims that a 16-year-old girl collapsed and died after her drink was spiked with ecstasy. Nicholas Scholey, of Bridlington, East Yorkshire, made the allegation before collapsing last Friday. She died on Monday in Hull Royal Infirmary. Police found evidence that she had taken the drug, but a post mortem examination showed Nicholas had contracted meningitis.

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Envy of the world: Radio 3, again
Male role strain: what is it and how much does it hurt?
Section Two

AFTER RECENT FLOPS CAN EDDIE MURPHY STILL STAND UP?

In this week's Radio Times Eddie Murphy talks about his early success and his recent failures. And why he's scared about going back to stand up comedy.

RadioTimes
IT'S NOT WHAT YOU EXPECT.

هكذا من الأدب

Rebirth of the cool in swinging Britain

Tourists are coming in record numbers to experience a cultural renaissance

Britain has finally rediscovered the stylishness and excitement of the Swinging Sixties, at least according to foreigners: Britpop, high fashion and the period drama revival have boosted numbers of overseas visitors to an all-time high.

The buzz, exemplified by the current London Fashion Week, is attracting a new type of visitor, interested not only in Big Ben and Shakespeare country but the club scene, street markets and a cool urban style previously associated with Paris or New York.

A total of 23.7 million foreign tourists spent nearly £12 billion in the UK last year, with Taiwan and the Czech Republic recording the highest increases in expenditure during their visit.

Headlines
The alternative guide to Britain - hip places for the cool traveller...

In London - Camden market, the King's Road, Docklands (snaps of Canary Wharf tower obligatory), the Oxo tower and Gherkin's Wharf, Butler's Wharf, anywhere elegant to shop.
Outside the capital - Manchester and Newcastle (for the clubs); Glasgow (for the Charles Rennie Mackintosh and new Museum of Modern Art); Brighton; Edinburgh.

Anthony Sell, chief executive of the British Tourist Authority (BTA), which revealed the increase in its annual report yesterday, said: "Britain is enjoying a cultural renaissance not seen for three decades."

"Our appeal has many forms - from Britpop and the club scene to symphony orchestras with world class soloists, or the thrill of following Emma Thompson or Anthony Hopkins on location."
"Our cities attract shoppers from all over the world for the latest fashions, from designer labels to street styles. Drawn by such attractions, more visitors are deciding that Britain is the place to come to."

The image has not just come naturally. The BTA has pro-

moted a "Style and Design" campaign, particularly directed at the US, Latin America, Mediterranean Europe and South-east Asia market, where there are large numbers of affluent young people and older couples without children.

It also produced a new 66-page guide to the trendier Britain, with articles on clubbing, music and surfing, which in Singapore stimulated 600 inquiries within three hours of its launch. And for film fans, a map pinpointing the locations of hits such as *Sense and Sensibility*, *Rob Roy* and *First Knight*, encouraged more visitors to explore the countryside.

Mr Sell said: "We have strengthened Britain's image as a stylish, contemporary and vibrant destination - now we are starting to see the dividends."

At Butler's Wharf, London, yesterday, where style guru Sir Terence Conran owns a clutch of the capital's most fashionable restaurants, Italians Federico Giulio, 19, and Francesca Canaletti, 20, named learning to speak English followed by "the monuments" and "history" as their reasons for coming to Britain.

But pressed on what they loved about the city, Ms Giulio had no doubts - the style. "The music and the people. Fashion. You can do whatever you want and nobody will tell you not to. In Italy, it is completely the opposite," she said. Ms Canaletti elaborated: "In Rome, you can't go out with blue hair in the street."

New Zealanders Helen Zachariassen, and Nick Derocourt, both 23, had strolled on to trendy Butler's Wharf by accident not design, but liked it. "It's lovely, really stylish," Miss Zachariassen said.

They had, of course, been to Buckingham Palace, St Paul's and had "done all the touristy things" since they arrived last week on a working holiday, using Britain as a base. But, Mr Derocourt said: "When I think of London, I think of the club scene." And high fashion, Ms Zachariassen added.

The BTA claimed yesterday's figures showed the importance of "tourism" to the



Hot spots: Manchester's nightclubs, Charles Rennie Mackintosh museum in Glasgow, Butler's Wharf restaurants and Lime Park in Cheshire, location for *Sense and Sensibility*

British economy and the vital role of the BTA in generating that income. Mr Sell said its activities generated the equivalent of £27 in return for every £1 of the £35m public money invested. It was not only London that benefited. Although the capital, which generated 54.3 per cent of the income, the rest of England earned 34.9 per cent, with Scotland at 7.3 per cent, Wales 1.7

per cent and Northern Ireland 0.4 per cent. The 20 per cent rise in revenue boosted Britain's share of world tourism earnings to 5 per cent, compared with a record low of 4.4 per cent two years ago.

The recent success came under the direction of Adele Biss, the chairman whose contract was not renewed by then Heritage Secretary Virginia Bot-

tomley in a move which dismayed the travel industry. But the 1995 figures were also aided by the IRA ceasefire, currency movements making Britain a cheaper destination, and good weather.

Asked whether the success would continue as these factors changed, Mr Sell said: "We don't see any dark clouds on the horizon."



THE INDEPENDENT

On 7 October we will be celebrating a decade of innovation - 10 years during which the Independent has changed the shape of quality journalism. We are marking our birthday with a week full of surprising improvements and inspirations. Make it a date.

Labour fury after BBC apologises over Anna Ford

CLARE GARNER

The Labour Party was last night shocked at the BBC's decision to bow to Conservative Party pressure and admit to shortcomings in its interviewing of Chancellor Kenneth Clarke on Radio Four's *Today* programme.

The BBC's Director General, John Birt, agreed with the Tory Party Chairman, Dr Brian Mawhinney, that Mr Clarke was treated in an openly hostile way by the programme's co-presenter, Anna Ford, while moments later the Labour Leader, Tony Blair, was handled with kid gloves. Dr Mawhinney had complained to Mr Birt about Ms Ford's constant interruptions of Mr Clarke.

Mr Birt said in a letter to Mr Mawhinney: "The editor of the programme has already made clear his view that there were more interruptions than were appropriate and, with hindsight, Anna Ford agrees."

The admission - which comes as broadcasters generally are complaining that they are under intense pressure from both Labour and the Tories in the run-up to the general election - has angered Labour. "The willingness of the BBC to back down in the face of pressures from the chairman of the Tory party is very alarming," a Labour Party spokesman said yesterday.

In recent weeks, senior broadcasters have been complaining openly that the com-

petition between the parties to influence their priorities, and questioning has become intolerable. Every concession to one party, as yesterday, produces renewed pressure from the others. Some BBC insiders are upset that Mr Birt moved so quickly to placate Dr Mawhinney. During a lecture in Dublin early last year, the BBC director general publicly lectured his journalists for what he described as sneering at politicians.

In his letter to Dr Mawhinney, Mr Birt wrote: "The editor of *Today* accepts that more thought should have been given to ensuring greater consistency of approach to two major political interviews in the same edition of the programme."

Dr Mawhinney - who lost his temper on-air with another *Today* programme presenter, Sue MacGregor, earlier this year - had written to Mr Birt complaining about Ms Ford's frequent interruptions as she questioned Mr Clarke over tax and the "demon eyes" poster on 16 September.

Her parting shot: "So you are not going to elevate the debate?" had been a "disgraceful lapse from impartiality into blatant editorialising," said Dr Mawhinney. But Mr Birt insisted that Ms Ford's closing remark had not been intended as a statement of her personal view, but rather a question to which she expected a response. The BBC insists that the error was technical, not editorial.

Worrying ideas are not in Vogue

The bank thought its advertisement showing laboratory animals being tested was hard-hitting and controversial. But the fashion magazine *Vogue* is not impressed.

Its publishing director, Stephen Quinn, said he decided not to use the Co-operative Bank's advertisement because it was "tastefully controversial" and readers would not like it.

The bank hit back, claiming that *Vogue* was guilty of censorship and was refusing to carry the advertisement because it was afraid of upsetting cosmetics firms.

The advertisement shows a woman applying face cream and rabbits in a laboratory, and has appeared in poster form around the country. It is aimed at highlighting the fact that the bank does not in-



Not in our magazine: The advertisement that *Vogue* considered inappropriate

vest in companies that test their products on animals.

The row comes months after the magazine was involved in another dispute over advertising. In May, the watch company Omega threatened to suspend advertising because the magazine featured "anorexic-looking" models.

The Co-operative Bank's managing director, Terry Thomas, said: "The only possible explanation for this censorship is that *Vogue* is frightened of upsetting the

powerful cosmetics lobby. This issue of cruelly testing cosmetics on innocent animals will not go away."

Mr Thomas said the bank's two million customers were "right behind us". Other glossy magazines would be used in the next few weeks. Mr Quinn said he had decided the advertisement was not appropriate because *Vogue* was a fashion magazine and did not publish controversial advertising.

The advertisement would "play badly with the readership" and did not clearly convey the benefits of banking with the Co-op, he added.

"We don't wish to encourage tastefully controversial advertising. It is deliberately suggesting the experiments that go on on animals are in some way morally wrong," he said.

"The Co-operative Bank are not a regular advertiser in *Vogue*. We are not denying them a privilege they have become accustomed to," he said. He was "not going to be lectured by the Co-operative Bank."

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Why five pieces of fruit a day will keep your doctor at bay.

Page four.

news

Apple a day proves healthier than ever

LIZ HUNT
Health Editor

Fresh fruit and raw salad eaten daily are the key to good health and a life free of heart disease, stroke, and other diseases including cancer, according to the largest British study to date which confirms the benefits of at least an apple each day.

A diet rich in fruit and vegetables is a cornerstone of every health education campaign but the dramatic reductions in disease and mortality revealed in the study surprised researchers. Scientists recorded the eating habits and health of almost 11,000 people over 17 years, and found that there was 32 per cent fewer deaths from strokes and 24 per cent fewer deaths from heart attacks in people who ate fresh fruit every day.

Overall, the fall in deaths from all causes was 21 per cent in the fruit-eating group compared to those whose diet did not incorporate as much fresh fruit. Daily consumption of raw salad was also found to protect against heart disease.

Dr Tim Key of the Imperial Cancer Research Fund's Epidemiology Unit in Oxford, which carried out the study, said yesterday: "This study shows that if you eat fresh fruit daily, the chances of dying from a heart attack or stroke are significantly reduced. It's a simple message which supports the old saying 'an apple a day.' The results [also] suggest that eating fresh fruit daily may protect against cancers." A study

known as EPIC, involving 21,000 health-conscious people from nine European countries, is at present underway to investigate this.

Evidence is accumulating for the role of Vitamins A, C, and E and various minerals in raw food, in limiting damage to genetic material and tissues and promoting healing. The ACE vitamins, as they are known, are powerful scavengers of free radicals, harmful chemicals generated in the body and present in the environment.

The study, published in tomorrow's issue of the *British Medical Journal*, was set up in the early 1970s to establish whether high-fibre foods or a vegetarian diet would lead to fewer deaths from heart attacks. The evidence to support this hypothesis was weak while the fresh fruit association was highly significant.

In the same issue of the *BMJ*, Dr Key reports that meat-eaters are more likely to be obese than people who eat a meat-free diet. The finding comes from the EPIC study: more than 9 per cent of women meat-eaters and 6 per cent of men were defined as clinically obese. Although the figures were well below the national averages (16 per cent for women and 13 per cent for men) they are greater than the targets set by the Government in Health of the Nation, for 8 per cent of women and 6 per cent of men obese by the year 2005. In contrast, the non-meat eaters were well within the targets.

Workfare? This former pilot wants to use his brain, not to push a broom

BARRIE CLEMENT
Labour Editor

It is either forced labour where human dignity has been trodden underfoot or an opportunity for the unemployed to show they can make a contribution to the community. It depends who you speak to.

Project Work pilot schemes – where the long-term jobless are forced to undertake tasks or suffer loss of benefit – has elicited emotional responses from the clients, some of whom see themselves more as victims.

Peter Byrne, a 47-year-old former airline pilot has been made to help with ground clearing at old people's houses. During a five-year period of unemployment he unsuccessfully tried to establish a business but was let down by a partner.

His views of workfare are unlikely to please its advocates. "I don't mind doing voluntary work. In fact I used to do it when I was employed, but this is forced labour. I am not frightened of hard work, but this is an insult to my intelligence."

At his own expense Mr Byrne recently trained as an operator of remote control equipment for the offshore industry. "I should be given an opportunity to look for work with offshore agencies, rather than clearing gardens," he said.

Dave Gibson, a carpenter and builder in his mid-30s from mid-Kent, has no doubt where he stands: "Even the long-term unemployed are entitled to some sort of respect. They seem to think we are scroungers, cheats, fraudsters and tearaways, but in the main we are normal law-abiding citizens who happen to be unemployed through no fault of our own. It's as if it is a criminal offence to be out of work."

Mr Gibson is one of several thousand people, unemployed for more than two years, who have been obliged to join the Project Work scheme in the Maidstone, Medway and Hull



Former airline pilot, Peter Byrne, above, pictured near his home in Maidstone, believes Project Work is an insult.

Photograph: Edward Webb

areas. Failure to attend a mandatory work experience programme results in a loss of benefit payments. People who are "vulnerable" in the words of the Department for Education and Employment, will have access to hardship payments at a

rate of 40 per cent and sometimes 20 per cent lower than their normal entitlement.

The pilot programmes, costing about £12m, smack of US-style workfare – where claimants get nothing from the state if they refuse to work on designated projects.

The idea has already caught the imagination of those drafting the Conservative manifesto and finds supporters of a slightly less strident disposition among policy advisers close to Tony Blair.

Mr Gibson who is paid his benefit plus £10 to provide his

building skills to a voluntary organisation, will take some convincing.

A project at Buckmore Park, a racing track near the Medway towns, is little short of a "labour camp", he believes.

Mr Gibson said that people on the programme had no means of getting their views across. "Because we are on the scheme we are no longer officially unemployed. It's simply a means of manipulating the unemployment figures."

Ministers will derive more satisfaction from the views of Gary Casey, a 39-year-old for-

mer carpenter and joiner. "I jumped at the chance," he said of Project Work.

Mr Casey was working as a site agent when he was made redundant from the construction industry. Since then he has suffered from blood pressure and arthritis, finding considerable difficulty in securing employment.

As part of his work experience, Mr Casey is organising a charity show to raise funds for a nature conservation organisation. "I'm going to prove to people what I can do," he says. Some of his colleagues who are

also supportive of Project Work argue that the black economy in that area of mid-Kent will be undermined by the scheme. They say that some claimants are involved in work outside the taxation system.

Experts are divided on the economics of workfare. The Government had argued that a full-blown national scheme would be too expensive, but the Uoemployment Unit pressure group says that the projects have been established "on the cheap" and that they will deliver no benefit to the unemployed and very little to the community.

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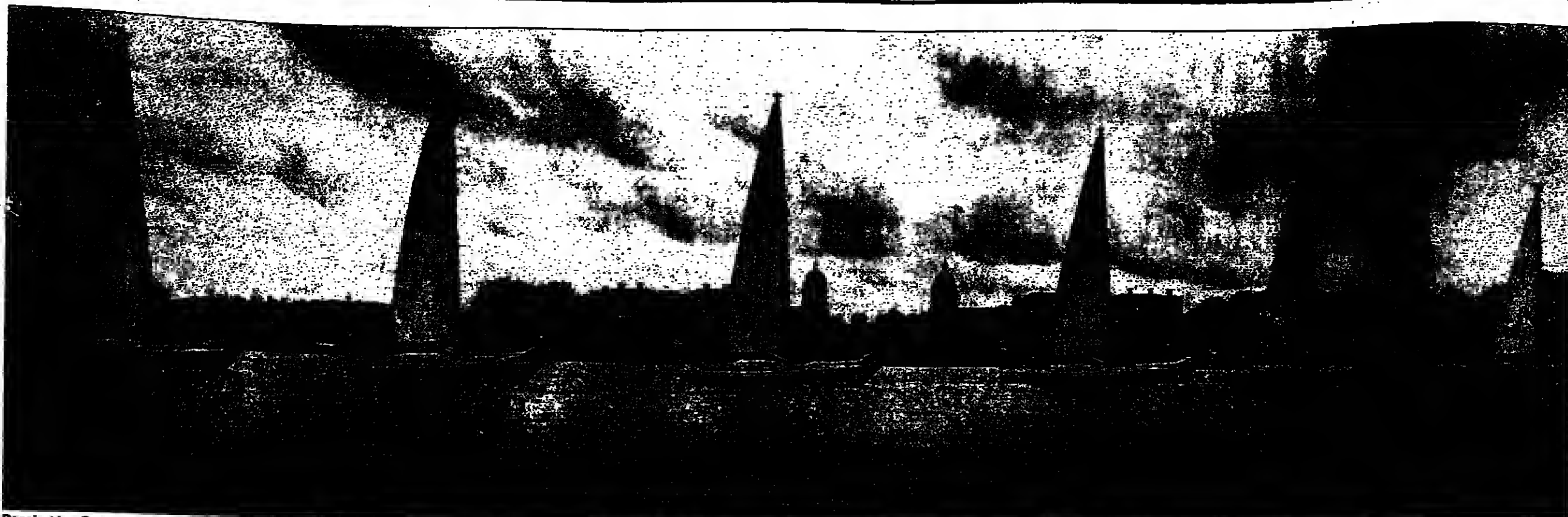
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Passing by: Seven of eight clipper yachts sail past Greenwich, London, in advance of the 11-month Clipper '96 round-the-world race, pioneered by Sir Robin Knox-Johnston, which starts from Plymouth on 12 October

Photograph: Glynn Griffiths

PM set to speak in libel court

PATRICIA WYNN DAVIES
Legal Affairs Editor

John Major is set to become the first serving prime minister to give evidence in court, in the "cash for questions" libel action against the *Guardian* by the former minister Neil Hamilton.

What could be the most sensational libel trial for decades is now scheduled to open next Thursday, just ahead of the Tory party conference the following week.

Mr Major and his deputy Michael Heseltine are willing to go into the witness box during the trial, their lawyer told the High Court yesterday. Charles Gray QC, representing government ministers and departments, told Mr Justice Bell at a preliminary hearing that he wanted to "dispel any misunderstandings".

The *Guardian's* solicitors have subpoenaed Mr Major, Mr Heseltine, Richard Ryder, the former government Chief Whip, and Sir Robin Butler, the Cabinet Secretary.

Mr Gray said: "The Prime

Minister and Deputy Prime Minister and Mr Richard Ryder, the former Chief Whip, are concerned to assist and cooperate with this court in arriving at a resolution of the issues to be contested." All three were ready to give evidence in the witness box on "any relevant issues", Mr Gray said.

Mr Hamilton is suing the newspaper over an article in October 1994 claiming that he received £2,000 a time for tabling parliamentary questions on behalf of Mohammed al-Fayed, the chairman of Harrods, and accepted £4,000 of free hospitality in Mr Fayed's Paris Ritz hotel without declaring them in the Commons register of MPs' interests.

After initially vowing to continue as corporate affairs minister, Mr Hamilton later resigned. A few weeks earlier, Sir Robin had conducted an informal inquiry into allegations made by Mr Fayed via a third party, Tim Smith MP, another recipient of payments for questions owned in the article, resigned his job as a junior

Northern Ireland minister the day after the disclosures.

The political lobbyist Ian Greer is also suing, over the article's claim that he acted as an intermediary.

Yesterday's hearing was convened to investigate the non-release of some government documents to the *Guardian's* lawyers. The trial had been due to begin next Tuesday but Mr Justice Bell ruled that the trial judge, Mr Justice Morland, should first decide which documents should be released.

Tories are horrified that the trial, which threatens to resurrect allegations of Tory "sleaze", has been scheduled for the party conference season. But the *Guardian's* lawyers say the timing was made by the plaintiffs, not the newspaper.

Mr Hamilton's ability to pursue his action was only made possible after he and supporters successfully campaigned for a change to the 1689 Bill of Rights to allow an MP to waive the rule under which freedom of speech in Parliament could not be questioned in court.



MoD's refreshingly secret weapon

Britain's soldiers and sailors will soon be swigging a secret new super-drink developed by the Ministry of Defence to enhance their performance in hot or cold climates or at high altitudes.

The effect on these already robust individuals – and therefore on the enemy – is likely to be devastating, writes Christopher Bellamy.

Last night the Ministry of Defence refused to say what the beverage will be called or to detail measures to prevent it falling into the wrong hands.

Since 1991, the spectacle of soldiers clutching bottles of mineral water has been evident, from the Gulf to Bosnia. In hot climates they are required to drink six litres of water a day to avoid dehydration.

Headmaster was trying to end feud

CHARLIE BAIN

A teenage schoolboy yesterday told an Old Bailey jury how he watched as a hooded triad gang member stabbed and killed the headmaster Philip Lawrence just yards from the school gate.

The 14-year-old boy, who cannot be named for legal reasons, described how Mr Lawrence, a father of four, jogged up to a triad gang member who was wearing a hood, black hat and scarf across his face, and tried to reason with him outside the front gates of St George's RC school in Maida Vale, north-west London.

"Mr Lawrence said to the triad 'We can sort something out about this', the witness said.

Demonstrating with a round-arm motion, he described how the gang member stabbed the headmaster in the chest after punching him in the face. "The triad dropped a knife from his sleeve and he stabbed Mr Lawrence in the chest," he said.

He said he had had a clear view and the blade had been seven inches in length.

"The triad jogged up the hill. Mr Lawrence went back toward the school. He passed me. He was holding his shirt. He was staggering and holding his side."

The prosecution alleges that Mr Lawrence was killed after a running feud between two teenage boys at Mr Lawrence's school had led to the armed gang ambushing one of his pupils in a revenge attack.

One of the gang who had played truant and "tagged along" because he heard it might be "a laugh", later described Mr Lawrence's murder as "disgraceful". The 16-year-old boy, who also gave evidence yesterday, said he was originally arrested in connection with the killing.

On the way to the police station he told officers that another teenager had admitted stabbing the headmaster. "What was important to me was telling the truth and I told the truth," said the boy.

He agreed he had said to police that the other teenager's action had been disgraceful. Asked by defence counsel David Spens QC whether that had always been his attitude, the boy replied: "Yes."

He said he had tried to cover up his truancy afterwards by getting himself marked on the school register for that day. He agreed he did not want it to be known he was at the murder scene.

But another reason was that he was in trouble with the school over truancy. "One more offence and they would have expelled me," he told the court.

"I did not think I would get arrested because I did not do anything."

A teenage boy charged with Mr Lawrence's murder, who cannot be named for legal reasons, denies that charge and two further charges of conspiracy to cause grievous bodily harm and wounding with intent.

A co-defendant, aged 15, also denies the latter two charges.

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Barnstorming baroness warns of the perils of a sell out to Labour

STEPHEN GOODWIN

Shirley Williams proved herself the perennial conference darling once again yesterday when she brought Liberal Democrats to their feet with a powerful warning that their policies must not be swapped for seats in a Labour cabinet.

Baroness Williams, one of the "Gang of Four" who founded the Social Democrats, took to the platform to rally the troops before Paddy Ashdown made an unscheduled closing speech promising not to sell out to Labour. But the party leader did keep his options open on the possibility of a partnership with Tony Blair.

Baroness Williams said that she recognised the unease of many Liberal Democrats about Labour. "But it is up to us," she told them. "The Liberal Democrats must not be diverted from their key policy objectives. We must not exchange them for a handful of government posts."

"It is our responsibility to hold

any new government to them, to support it in achieving them, to remonstrate or even withdraw our support if it fails to attempt them."

The former Labour cabinet minister, said her old party was a "necessary part" of the change Liberal Democrats wanted to bring about in the way Britain was governed. Without change they could not achieve their objectives of a

pleased delegates on the final day of the conference was her warning against a sell out to Labour - the issue which has dominated this week's events following a suggestion by Alex Carlile, the leader of the Welsh party, that Mr Ashdown might be offered seats in a Tony Blair cabinet.

Both Mr Ashdown and Baroness Williams believe the election could

Democrats than their own party. "I hope and believe they will fight alongside us, for Britain's whole future role in the world will be at stake," she said.

Mr Ashdown addressed concerns about any future liaison with Labour by pointing to the lessons of local government where Liberal Democrats share power with other parties.

"The first lesson is this: that there are many ways of exercising power and influence. Rule nothing in. Rule nothing out. Keep all options open. And campaign to win," he said.

Lawyers whose cross-examination methods caused excessive distress to rape victims should be liable to pay compensation, the conference was told yesterday. The proposal was one of a series intended to ease the suffering of rape victims and will be considered further by the party. Earlier this week, the conference called on the Government for a major review of sentencing policy.

'We must not exchange our objectives for a handful of government posts'

high standard of education, job creation, constitutional reform and an end to "petulant, wrecking tactics" towards the European Union.

The constitutional package of voting reform, freedom of information, human rights and devolution would require the efforts of "a great reforming administration" over at least two Parliaments, Baroness Williams added.

But the passage, which most

be the trigger for seismic change in the political landscape. A defeated Conservative party could split and a more pluralist system of politics develop.

Baroness Williams said that if the European issue cut across parties as it did during the 1975 referendum campaign, Kenneth Clarke, Michael Heseltine and a score of other Tory MPs would find themselves much closer to the Liberal

Calvin Klein set sing Paddy's praises

This week has seen the rebirth of the Liberal Democrats as the authentic party of principle. Gone are the dark days of the Eighties when the two-party mould was to be broken by the forces of the sensible - if soggy - centre. Say hello, instead, to the party of sheet-anchors and bedrock, of radicalism and revolt, of tax and spend. Well a bit of tax, (if, if necessary, and a dollop from those few who earn 100 grand or more) and an awful lot of spend.

So happy have the Lib Dems been to cast off the tweeds of realism and don the Calvin Kleins of youthful enthusiasm, that one middle-aged female delegate woke me up at four this morning with "The Battle Hymn Of The Republic". So that's one vote less for bedrocks and anchors.

This will not disturb the happy homeward wend of delegates, sent on their way by an eternity of morale-boosting speeches by every senior party member who hadn't had a turn already - and quite a few who had. Alan, Archie, Jackie, Nichol, David, Shirl, Richard

and Paddy all gave variations on the conference theme. Alan Beith's was particularly well-received. Three times he reiterated that "with Liberal Democrats, you know where you are. This is what we stand for, this is what you will get". It reminded me of Yal Brynner as Pharaoh Ramesses in *The Ten Commandments*, "so let it be written, so let it be done". It sounded good in 1200BC, and it sounds good today. It also happens to be bollocks.

For like all modern parties, the Lib Dems are a coalition of folk with varying views and preoccupations, whose need to appeal to different sections of the electorate can lead to marked changes in emphasis. In Parliament, this is the party of moor, tor and shore, competing with the Tories for the tourist traps of the West Country, the Scottish countryside and the



DAVID AARONOVITCH

seaside towns of the South Coast. But growing sections see themselves as champions of the urban poor and underclass. These are two very difficult horses to ride simultaneously. Re-

distribution will require taking cash from the sedate burghers of Newbury and doling it out to the crack-maddened denizens of Hackney. It won't be popular. Nor is the relationship with Labour in any way resolved. David Rendel MP spoke of the inevitable failure of a Blair government, and the opportunities for urban swathe-cutting this would entail. It was one of the narrowest, most parochial

and depressing speeches I have heard. Up spoke Shirley. Having arrived characteristically late for the conference, she had been walking around all morning in that odd mixture of shuffie and huffie. Far from looking forward to a Labour disaster, she was hoping for a Lib Dem-inspired "great reforming administration", which, of course, Tony Blair would have to lead.

This divergence may explain an extraordinary passage in Paddy's closing oration. He had "learned many lessons". The first was that, in the exercise of power, "rule nothing out. Rule nothing in. Keep all your options open". The second, was that "to earn trust you must be clear about your policies and clear about your principles". Expect T. Blair to say exactly the same next week.



Leading the way, Paddy Ashdown, leaving the final day, joins a jubilant Paddy Ashdown and Lord Richard Holford in leaving the conference stage. Photograph: Tom Pilsten

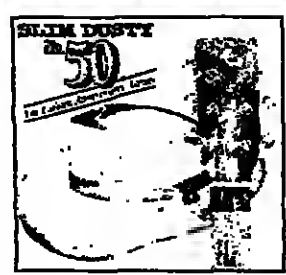
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Quick fix for A-level maths under fire

JUDITH JUDD
Education Editor

Government maths advisers met yesterday to consider the future shape of maths A-level amid a dispute about what students should be taught in the sixth form.

After a year in which universities and employers have argued that maths teaching is in crisis, maths experts are accusing Sir Ron Dearing, the Government's chief adviser on exams, of rushing the changes.

Members of the maths and science committee at the School Curriculum and Assessment Authority, which Sir Ron heads, have asked him to postpone the decision so that the issue of what

edge for A-level increased. Teachers, however, say the choice of maths A-level syllabuses helps them to pick the one best suited to their students and to motivate them. They point out that modern A-level courses are not designed simply to equip pupils to become university mathematicians.

Margaret Brown, a maths education professor at King's College, London, and a committee member, said the committee was divided on whether the "core" of knowledge needed to be increased but unanimous in its wish for delay.

"We are cross that our request for more time has been turned down," she said. "It is going to be like the optional curriculum. We shall change it in a hurry and very soon we shall have to change it again to correct the mistakes we made the first time."

Dr Frank Berkshire, director of undergraduate studies in maths at Imperial College, London, said: "It would help very much if the core at A-level were increased. We give our students a test when they arrive and find that virtually every topic has been covered by someone but very few have been seen by all. Over the last 15 years we have seen topics being dumped off the end of the lorry."

The authority is reviewing the "cores" of all A-level subjects before the introduction of the new Advanced Subsidiary exam, to be taken after one year in the sixth form.

A spokesman for the authority said there would be wide consultation before its proposals went to Mrs Shephard. "We are confident that the work that needs to be done on the cores can be carried out within the timescale," he said. "In the unlikely event that problems arise which require further attention then we will advise the Secretary of State."



Sir Ron Dearing: Criticised by mathematics experts

all students need to know when they arrive at university or go into employment can be resolved.

They say the questions are too big to be settled before Sir Ron reports to Gillian Shephard, the Secretary of State for Education and Employment, at Christmas. A-level courses were changed only two years ago.

At the heart of the dispute are university lecturers' complaints that they are having to do remedial work with maths students whose A-level courses have not equipped them with the ability to solve problems, understand proofs or even to do basic number work accurately.

At present maths A-level syllabuses have to contain some common elements - about 50 per cent of the whole. Maths dons say that first-year undergraduates have studied dozens of syllabuses and would like the compulsory "core" of knowl-



Why has an elderly ex-MP got a gripe against Blair? Page 8



'The Seal Trip, Blakeney', by Brian Lewis, one of the highlights of the 20th Century British Art Fair which runs until Sunday at the Royal College of Art

Art wins seal of approval

MARIANNE MACDONALD

The cream of modern art is on show at the 20th Century British Art Fair, which runs until Sunday at the Royal College of Art in Kensington, west London.

Highlights include Brian Lewis's arresting work *The Seal Trip, Blakeney*, on sale for £2,500 from James Colman Fine Art. The fair offers a huge selection of work presented in individual stands by the finest galleries, many for sale. William Weston Gallery offers Hockney prints; the work of Jack B. Yeats can be seen at Theo Waddington Fine Art; and Crane Kalman exhibits L.S. Lowry, Lucian Freud and Dame Barbara Hepworth.

Sponsored by *The Independent*, the fair features rarely seen works by Walter Sickert, left in trust to Islington council. Free lectures are included in the admission price of £6.

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Did this, we wondered, signal a growing indifference to the quality of life? Would British beer lovers no longer pound the bartop and insist on a beer that insists that its Hallertau and Tettnang hops are steeped in glacial waters? Absolutely not. In fact, the demand for superior quality beer in the shape of Beck's is stronger than ever.

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Is this man waging a vendetta against the Labour leader?

JOHN RENTOUL
Political Correspondent

The man who claimed to have psychoanalysed Margaret Thatcher's ambivalent relationship with her mother has now turned his attention to Tony Blair, in a bizarre book about the Labour leader's "politics of perversion".

Leo Abse, Labour MP for Pontypool for nearly 30 years until 1987, and author of the controversial "psycho-biography", *Margaret, Daughter of Beatrice*, yesterday claimed to analyse Mr Blair's politics in terms of his "rootless" upbringing.

In his book, *The Man Behind the Smile: Tony Blair and the Politics of Perversion*, he accuses the Labour leader of using fascist language and compares him to Oswald Mosley.

The *Daily Mail* published exclusive extracts of the book yesterday, giving rise to speculation that it was part of a campaign to undermine Mr Blair. The Labour leader's office refused to "dignify" the book with a comment, and Labour of course privately dismissed it as the ramblings of a confused and increasingly eccentric man. Mr Abse became interested in psy-

choanalysis as a teenager in Cardiff, but has had no training.

The book was all but disowned at its publication yesterday by Mr Abse's friend, Geoffrey Goodman, the former Labour editor of the *Daily Mirror* who worked for Prime Minister James Callaghan. Mr Goodman said the book was "a trifle intellectually self-indul-

'The myth of renewal and rebirth is a dangerous play'

gent, above all immensely courageous... I can't say that I am at one with it."

Mr Abse criticises the concept of "New Labour": "The myth of renewal and rebirth is a dangerous play to introduce into politics. It is precisely that myth, when it has invaded the politics of 20th-century Europe, notably in Nazi Germany, that has wreaked havoc."

"We have had once before in 20th-century Britain a party emphasising above all its pristine nature. It was the New Par-

ty founded by the extraordinary and dangerous Oswald Mosley; it was a party that soon glided into fascism."

He then attacks Mr Blair and "his impetuous young political pup" in crude psychological terms: "As they seek to kill off their fathers, these political adolescents forget that the most radical and 'regenerative' Labour government [of 1945] was led by old men."

Mr Abse's *Margaret, Daughter of Beatrice* was regarded as plausible by some on the left. It purported to analyse Baroness Thatcher's relationship with her father and absence of a relationship with her mother.

More recently, he was fêted - rather uncertainly - by the right for his book, *Wotan, My Enemy*, in which he psychoanalysed the entire German nation and pronounced it unable to face up to its deep-ingrained racism.

Mr Abse, 79, criticises the Labour leader for his sexual "ambiguity" and his interest in rock music. "Why does Blair immerse himself in this bourgeois world of rock, the world without commitment, of gender disorientation, of sexual nomads, of the Rolling Stones who, in their restless name, enshrine rock's stance?"



Sex and rock 'n' roll: Leo Abse (foreground) analyses Tony Blair's politics in terms of his 'rootless' upbringing

Photograph: Edward Webb

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Islanders may hold gene clue to cancer

LIZ HUNT
Health Editor

Some cancer patients and their families living on the tiny island of Benbecula in the Outer Hebrides are to be screened for a gene which has been linked with a high rate of the disease, particularly tumours of the digestive tract.

The screening follows growing concern about a possible cancer cluster on the island which was revealed by *The Independent on Sunday* earlier this year. A local GP, Dr Francis Tierney, had tentatively linked the cluster with radioactive fallout from the Chernobyl explosion 10 years ago, which leads to contamination of the ground and coastal waters in a community which grows much of its own food and eats a lot of seafood.

However, Dr Tierney's claims were roundly dismissed by the Western Isles Health Board following their week long investigation on the island. They concluded that the 19 cases of cancer reported in 18 months at Grimsby Surgery - one of the island's two practices - were normal, although they were three times the expected level according to Dr Tierney.

A more detailed investigation followed but the conclusion disappointed doctors, nursing staff, their patients, and the relatives of those with cancer, who felt their anxiety was not being taken seriously by the Board.

Now Dr Tierney's concern

about the cancers he and his partners were seeing at the Grimsby Surgery appears to have been vindicated. From the start he had insisted that the Chernobyl hypothesis was just one among several worth investigating. He told the BBC Scotland Current Affairs programme, *Eorpa*, last night: "...the health board really did nothing because, in their words, they did not expect anything else."

It appears that hereditary genetic factors may be the likeliest explanation of any cancer cluster on Benbecula and the Western Isles Health Board confirmed that scientists from Marie Curie Cancer Research have already begun screening for the gene known as HNPCC.

Bruce Skilbeck, chief executive, said the tests were being led by two GPs on the island and a doctor from the International Cancer Research Fund cancer unit at St Mark's Hospital in London, funded by Marie Curie Cancer Research.

Mr Skilbeck said: "[The screening] involves first degree relatives of patients with colorectal cancer." Doctors in Finland first discovered that HNPCC-related cancers are increasing with every generation. It is claimed that one sixth of all cancers in Finland can be traced back to a single village where a gene became defective hundreds of years ago. Professor de la Chapelle, a Finnish cancer epidemiologist, says that carriers of the gene have a 100 per cent risk of developing cancer.

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Wife's complaints leave Portnoy exposed

Memoirs of actress Claire Bloom paint a dark picture of Philip Roth as a distant, cold and angry husband

MARIANNE MACDONALD
Arts Correspondent

Memoirs by the actress Claire Bloom, to be published next month, provide a full and frank account of her marriage to Philip Roth, most famous for his sexually explicit novel, *Portnoy's Complaint*.

Roth's career is based on confessional books, so it is an ironic *volle-face* that he is now the subject of one by his ex-wife, whom he married in 1990 at her request after a 15-year relationship.

The memoirs paint a dark picture of Roth as a man characterised by furious anger attacks and childish tantrums, who forced Bloom to make her daughter, Anna, leave home at 18 because he disliked her so much.

But the most extraordinary insight into Roth's life with the actress, whom many believe was the most beautiful of her generation, is given in a telling incident before their marriage.

She tells how Roth had begun a new novel, *Desperation*, and had been "uncharacteristically quiet about his progress. He worked in a studio two blocks from their New York flat, and one day Bloom burst in on him with some good news which had arrived by letter.

His reaction was cold, alarmed and unwelcoming, so much so that Bloom left and swore never to interrupt him again. Later, when Roth had finished his book, he did not give it to Bloom to read - another unusual development. Finally,

after three weeks, he gave her the manuscript.

What she read was a passage about a self-hating Anglo-Jewish family, a precise description of Roth's working studio in London, and accounts of the numerous women who had come to have sex with him there "in the most convoluted positions, preferably on the floor".

Finally Bloom came to a chapter about his "remarkably

A pre-nuptial agreement allowed Roth to divorce at will

uninteresting middle-aged wife, who, as described, is nothing better than an ever-spouting fountain of tears constantly bemoaning the fact that his other women are so young".

The woman was an actress by profession - and her name was Claire, she writes in her book, *Leaving A Doll's House*, published by Virago.

That evening, she recounts, Roth came home "far earlier than usual" carrying a gold and emerald snake ring from the jeweller, Bulgari.

"I waited for him, shaking with rage. I told him he had used me most shabbily. I told him I wanted my name out of the book. I told him that was the end of that; there would be no discussion.

"He tried to explain that he had called his protagonist Philip, therefore to name the wife Claire would add to the richness of the texture," Bloom told him she would sue if it was not changed.

Despite the warning signs, Bloom admits she was desperate to marry Roth and continued to be, even when he produced a pre-nuptial settlement drawn up by his lawyer two weeks before the ceremony.

Under its terms, Roth could divorce her at will and not be financially responsible. "The apartment, possessions, everything reverted back to him," she wrote. She also discovered that he had taped a telephone conversation between them "for reasons I can only guess at".

The marriage did not last. Bloom and Roth split up and she later discovered that he had become involved with a mutual friend. "As the saying goes, the wife is the last to know."



Portrait of a marriage: In *Leaving A Doll's House*, Claire Bloom admits that she was desperate to marry author Philip Roth after a 15-year relationship

DAILY POEM

The Morning After (II)

By Tony Harrison

The Rising Sun was blackened on those flames.
The jabbering tongues of fire consumed its rays.
Hiroshima, Nagasaki, were mere names
for us small boys who gloried in our blaze.

The blood-red ball, first burnt to blackout shreds,
took hovering batwing on the bonfire's heat
above the Rule Britannias and the bobbing heads
of the VJ hokey-cokey in our street.

The kitchen blackout cloth became a cloak
for me to play at fiend Count Dracula in.
I swirled it near the fire. It filled with smoke.
Heinz ketchup dribbled down my vampire's chin.

That circle of scorched cobbles scarred with tar's
a night sky glob nerve-rackingly all black,
both hemispheres entire but with no stars,
an Archerless zodiac, a Scaleless zodiac.

Tony Harrison, born in Leeds in 1937, was educated at Leeds Grammar School and Leeds University, where he read classics. It was an education that would put "books, books, books" between Harrison and his working-class background, and which helped to produce one of this country's finest poets and dramatists. Bloodaxe last year published *Permanently Bard: Selected Poetry*. Tony Harrison is in conversation with Simon Armitage and reads his poems on *Starz on Stage*, Radio 4, tomorrow evening at 11.30pm.

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Scientists claim breakthrough in zero-gravity sminting

By IAN MOORE



Russian volunteers

PHYSICISTS in Cambridge are close to solving the bizarre and baffling phenomenon of zero gravity sminting. A team led by Professor Albert E. Hatt, has been operating with scientists from both the USA and Russia to determine the effects of zero gravity sminting on humming birds.

After being exposed to the effects of a small, blue rectangular pack just once,

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the humming birds could achieve a state of complete weightlessness. In other words, they could float. Even more sensational, this experiment has now been carried out on humans, some as heavy as 20 stone.

Leaked photographs taken "somewhere in England" show Russian volunteers floating at least 15 feet in the air and being secured by fishing lines. Professor Hatt explains: "At first, it was a bit tricky with the humans, especially the overweight Russian volunteers.

We had to subject them to continuous sminting before we saw any effect.

But once we got the dose right, we had them floating on air for up to an hour at a time."



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International

Protester's death heats up island dispute

nationalist groups have forced Japan and China to take a stand on territory, reports **Richard Lloyd Parry**

kyo — It sounds more like something out of Trivial Pursuit than a matter of life or death: are the obscure rocks, 200 miles off the north-east of Taiwan, rightly called the Senkaku chain, the Diaoyu archipelago, or the Tiaoyutai islands?

Yesterday the question became a deadly one, after a Hong Kong man died in the latest round of a dispute which is proving a grave embarrassment to the governments of Tokyo, Taipei and Peking.

The tragedy occurred yesterday afternoon when a cargo ship, the *Kan Iwa No 2*, arrived in the sea close to the islands following a four-day voyage from Hong Kong. As well as several dozen journalists, the vessel carried members of a group of Hong Kong Chinese with a mission to carry out. This was the demolition of a small beacon which had been erected two months earlier by a group of Japanese right-wingers. To the Hong Kong protesters, the lands are unquestionably the Diaoyus, and they belong to China, a claim made with equal vehemence by Japan (Senkakus) and Taiwan (Tiaoyutais).

To prove their point, and despite the presence of 20 patrol boats and helicopters of the Japanese coast-guard, some of the protesters unchained dinghies from which they jumped into the rough sea. By 6 o'clock, in spite of attempts at de-escalation by doctors of the Japanese coast guard, the expedition's leader, David Chan, was dead.

A consular officer from the British embassy in Tokyo is today making the 200-mile journey to a hospital in Japan's southern Okinawa prefecture



What's in a name: A flotilla off the islands claimed by Taipei (which insists they are the Tiaoyutais), Peking (which calls them the Diaoyus) and Tokyo (which refers to the Senkakus). Photograph: AP

to visit another member of Mr Chan's party who narrowly escaped coming to grief in the water; the protesters' ship was last night sailing away from the Tiaoyutai-Senkaku-Diaoyus. But the tragedy will only fuel a struggle that has been smouldering for 25 years and which the governments in the region had been hoping to forget.

Both Tokyo and Peking find themselves in the uncomfortable position

of being bounced into taking a stand on the islands by nationalists within and outside their own countries. Despite a bitter wartime history, and occasional explosions of vituperative rhetoric from Peking, the two sides had agreed to shelve the island question.

But the issue was forced in July by the construction of the small lighthouse by the Japan Right Federation, an unsavoury right-wing group

which has links with organised crime.

The act provoked immediate protests from Taiwan and China, which has hinted darkly of "consequence and protection from certain Japanese quarters". Tokyo maintains, rather unconvincingly, that there is nothing that it can do: the islands are privately owned and no offence has been committed under Japanese law.

But while the diplomatic exchanges continued, the dispute stirred up a rare burst of pan-Chinese outrage. In Taipei and Hong Kong, there have been furious demonstrations against the light-house. Japanese goods have been boycotted, department stores picketed and effigies of politicians have been burned.

This is alarming enough in Tokyo, but it is also causing anxiety in China. Independent nationalist movements of whatever type are alarming to Peking, especially when they issue from Taiwan which still maintains that it is the "true" China.

With the genie uncorked from its bottle, neither side can ignore the dispute, but neither can easily stand down. Both countries have other territorial disputes which they cannot afford to undermine — Japan with Russia and South Korea (over the Kuriles and the Takeshima islands), and China with half of south-east Asia over the Spratlys and the Paracels. Apart from fishing stocks, the ocean bed around the East China Sea islands is suspected of possessing rich natural resources, and earlier this month China sent the latest in a series of survey vessels to sniff out the area.

On Wednesday, the Japanese and Chinese foreign ministers met in New York for an inconclusive meeting which appeared to have calmed the situation. The question is whether this calm can survive the death of Mr Chan.

The Japanese Prime Minister, Ryutaro Hashimoto, warned: "I'm not so optimistic as to believe this will not have some diplomatic impact."



Protest leader David Chan (lower figure) is winched from the sea with a colleague. Chan was later declared dead. Photograph: Reuters

Doctor defends patient's right to die under controversial legislation

Euthanasia death sparks furore in Australia

ROBERT MILLIKEN
Sydney

Doctors, MPs, church leaders and lawyers were locked in an impassioned debate last night after it was disclosed that Bob Dent, a 66-year-old former carver with terminal prostate cancer, had become the world's first person to die under voluntary euthanasia legislation.

Announcing in Darwin that he had administered a lethal injection to Mr Dent using a computerised "death machine", Philip Nitschke, his doctor, said: "The patient fell asleep immediately and died peacefully shortly thereafter. It was a very difficult time for me, but I was left with the overwhelming feeling that I had done... something good by being able to end his suffering of this brave man."

Mr Dent died at his Darwin home last Sunday with Mrs Dent and Dr Nitschke at his side. "He died with dignity," the doctor said. "It was a very poignant moment. There was also... a sense of history."

Mr Dent had asked to die under the Rights of the Terminally Ill Act, which the Northern Territory parliament passed last year but which came into force only in July. The first law of its kind, it has bitterly divided Australians. When it was finally passed, by a narrow margin, the law contained so many amendments that its supporters complained it would be almost impossible to implement. Two doctors and a psychiatrist must

approve a patient's request to die and verify that it does not arise from clinical depression. No Darwin psychiatrist would co-operate. Mr Dent was able to die under the law only after David Ellard, a Sydney psychiatrist, flew to Darwin and certified that he was not depressed.

Mr Dent received lethal doses of a barbiturate and a muscle relaxant from a machine assembled by Dr Nitschke, which delivered the drugs into Mr Dent's arm when the patient pressed a key on a computer. Dr Nitschke's earlier plans to help other patients to use the law had gone into abeyance amid rows over legal challenges. One is to come before the High Court in November, when a coalition of the Australian Medical Association, aborigines and clerics will argue that the law violates an implied right to life under Australia's constitution. In the federal parliament in Canberra, a backbench MP from the ruling Liberal Party has introduced a bill to override the act.

At a press conference in Darwin yesterday, Dr Nitschke read an open letter to Australian MPs signed by his patient five days earlier. For months, Mr Dent wrote, his life had been "a roller-coaster of pain" made worse by side-effects from the 30 tablets he was taking each day. "If I kept a pet animal in the same condition I am in, I would be prosecuted... If you disagree with voluntary euthanasia then don't use it. But don't deny me the right to use it."

Croatian journalists win free speech case

TONY BARBER
Europe Editor

President Franjo Tudjman's efforts to restrict media freedoms in Croatia suffered an unexpected defeat yesterday when a Zagreb court acquitted two independent journalists of defaming him. Viktor Ivanic and Marinko Culic, editor and leading writer at the satirical weekly *Feral Tribune*, were found not guilty in a case that European governments viewed as a test of Croatia's civil liberties record.

The judgment should enhance Croatia's chances of joining the Council of Europe, which promotes democracy and human rights in former Communist countries. Admission to the council serves as a stamp of international approval for a country's human rights performance, and is an essential condition for membership of the European Union.

The council put Croatia's application on hold earlier this year, partly because of Mr Tudjman's harassment of independent news organisations.

Mr Tudjman's detestation of *Feral Tribune* boiled over when it compared him with Ante Pavelic, Croatia's Fascist leader in the 1940s, and the late Spanish dictator Francisco Franco.

State prosecutors brought defamation charges against Mr Ivanic and Mr Culic under a new clause in Croatia's criminal code that is intended to muzzle public criticism of the President and other high-ranking state officials.

Judge Marin Mrcela at the Zagreb municipal court said that the journalists had merely exercised their right to voice criticism of some of the President's activities. Croat human rights activists described the judge's verdict as courageous.

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Apartheid assassin 'killed Swedish PM'

JOHN CARLIN

The number one assassin of the apartheid era said yesterday that the South African intelligence services had been responsible for the death of Olaf Palme, the Swedish prime minister gunned down in a Stockholm street in 1986.

Eugene de Kock, a former South African security police colonel, implicated Craig Williamson, another former colonel, in the assassination of Palme, a crime which has thus far proved impenetrable.

De Kock, who used to be known by his colleagues as "Prime Evil", confessed last week that he planted a bomb outside the London headquarters of Nelson Mandela's ANC in 1982. He said that Williamson, dubbed the apartheid regime's "superspider" by the South African press, had planned the London bombing.

De Kock was testifying yesterday in a Pretoria Court where last month he was found guilty of 89 crimes, including six murders. He is seeking to reduce his sentence by revealing information to the court on the murderous inner workings of the apartheid security apparatus. He told the court yesterday he had already provided many details of apartheid crimes to the South African Attorney



Murdered: Olaf Palme, the anti-Apartheid Swedish premier

General, such as Palme's assassination, which, he said, was "one of Craig Williamson's 'Operation Long Reach' projects." De Kock added: "I wanted it to be investigated before it was covered up."

Operation Long Reach was a top-secret project designed to intimidate or silence opponents of apartheid abroad. Palme was a passionate critic of apartheid and a leading advocate of sanctions against South Africa.

Hans-Gunnar Axberger, the spokesman for the Palme investigation commission, said yesterday he could not comment on de Kock's allegations but said that over the past 10 years con-

nections had emerged "with almost every country".

The latest South African connection appears more plausible than most because of the ruthlessness with which de Kock and Williamson set about their task of defending the apartheid system against enemies at home and abroad. De Kock was the hit-man, Williamson the brains. De Kock is tall, bespectacled and clean-cut. Williamson is medium height, bearded and obese. Where de Kock is awkward and stutter-prone, Williamson is affable and articulate.

The two did not always work together. Williamson made his name during the late Seventies

when, posing as a sympathiser, he penetrated ANC operations abroad. His cover was blown in 1980 and he returned to South Africa where he played a key role in clandestine operations against the ANC.

De Kock's history is more spectacular, for it appears to substantiate a claim last week by a senior ANC official that he is the world's most prolific killer. During the early Eighties he commanded a South African security-police unit in the Namibian war known as Koevoet, or Crowbar. Koevoet, whose soldiers were black Namibians, were denounced the world over for the ferocious manner in which they killed captured Swapo guerrillas.

In the mid-Eighties de Kock was transferred to Pretoria where he headed a hit squad whose orders were to eliminate ANC sympathisers inside South Africa. After Nelson Mandela's release in 1990 he shifted his attentions to the security force strategy of stoking what used to be called "black-on-black" violence. He provided arms, training and back-up to leading figures in Mangosuthu Buthe's Inkatha during their undeclared war on ANC supporters and their families. More than 10,000 died in South Africa's township wars between 1990 and the elections of 1994.



Armenian opposition members argue with security forces in Yerevan yesterday as the embattled President Levon Ter-Petrosyan brought the army into the capital in a crackdown on political opponents following violent clashes with riot police. Protesters allege vote-rigging in the re-election of the President last week. Photograph: John Houtihan/Guzelian/AP

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Race to halt an avalanche of garbage

ELIZABETH NASH

Madrid

Fifty workmen wearing protective face masks and using mechanical diggers are working round the clock to stabilise a fermenting garbage mountain that threatens to slip into the sea and cause an ecological disaster on Spain's rocky north-western coast.

A 100,000-ton festering rubbish tip near the Galician port of La Coruña is advancing towards the sea at a rate of 10cm a day. The municipal dump west of the town exploded into activity more than a week ago, when part of it shook loose and engulfed cars and houses in the neglected fishing settlement of Portino. One man was swept away along with the car he was washing.

Since then, the mountain has taken on a life of its own, continually shifting and heaving. Huge fissures have opened, up to 100 metres across. Hundreds of Portino residents, caught between the rubbish and the sea, were last week evacuated to La Coruña's Riazor football stadium. Many are sitting in, ignoring appeals from the Town Hall that they should now return home.

The Socialist mayor, Francisco Vazquez, called for the area to be declared a national disaster zone and warned yesterday of "an environmental catastrophe of the first magnitude" should the rubbish plunge into the sea and wash along the

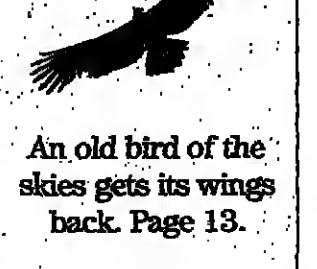
coast. He said efforts were being made to build a dike to hold back the tumbling mass.

Locals say that little fires spontaneously ignite because fermentation produces methane gas, and that residual liquids - rich in toxic compounds and heavy metals from spent batteries - seep from beneath the mound towards the sea.

Desperately seeking to avert an avalanche, the local authority last week started shifting material from the mountain's summit and dumped it near the village of San Pedro de Vima. As a result, up to 100 outraged villagers donned face masks and protested that the debris be shifted from their doorsteps.

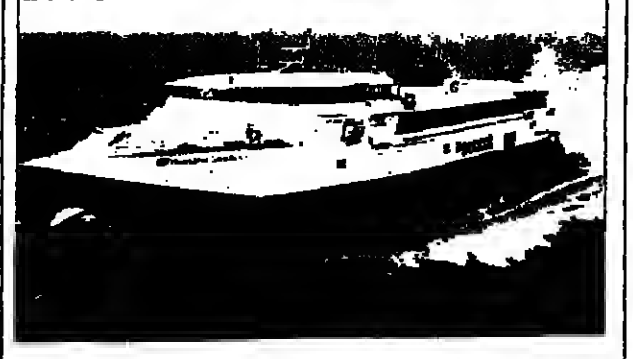
Fans of the local football team Deportivo wore their scarves tied firmly over their nose and mouth during Sunday's league match at the Riazor.

The Town Hall insists there is no health risk, but at least three people were treated in hospital for vomiting and dizziness attributed to the stink.



An old bird of the skies gets its wings back. Page 13.

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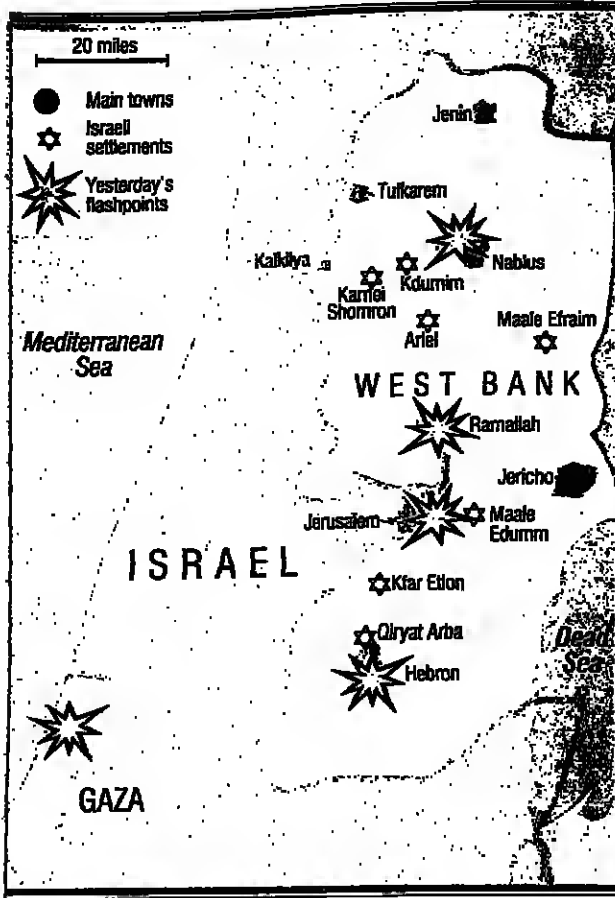
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Violence born of Bibi's tunnel vision

He knew the tunnel opening would be catastrophic. **David Horowitz** asks whether he was foolish or simply provocative



The price of conflict: A wounded Palestinian is carried to safety by his friends in Gaza yesterday

Photograph: Reuters

When Benjamin "Bibi" Netanyahu gave the order to blast open a new entrance to a 2,000-year-old water tunnel on Monday night, did he realise that he was simultaneously blasting away the last faint hopes of peace with the Palestinians?

As the explosion of violence, which began the moment the tunnel opened, spread and intensified into warfare yesterday, all the indications were that Mr Netanyahu should have known exactly what he was doing.

The notion of opening a second entrance to the tunnel – used by the Hasmonaeans of the second century BC to bring water to the Jewish Temple – had been discussed for years by successive Israeli governments. On the plus side, a new entrance would ease the flow of tourists

through the popular site. On the minus side, because the Palestinians have long suspected that the tunnel is part of an Israeli design to dig under Temple Mount itself, the reaction was always likely to be angry.

The proposal was raised shortly before the Israeli elections last May, and the Prime Minister, Shimon Peres, on the advice of his worried intelligence chiefs, decided the tourists would just have to suffer the one-entrance bottleneck a little longer.

Mr Netanyahu, according to Israeli news reports yesterday, did not consult all his intelligence

chiefs before he approved the project. But those whose assessments he did seek warned him that the timing was hardly auspicious. Israeli-Palestinian relations have nose-dived in the 100 or so days he has held power; it would only take a small spark to ignite the flames of confrontation.

That Mr Netanyahu heard this advice but disregarded it – and that he then set off on a goodwill visit to Britain, France and Germany – simply defies explanation. If he did not believe the warnings of Israel's professional security analysts, he is unconsciously

foolish. If he did believe them, and was prepared to provoke direct conflict with the Palestinians in order to make an absurd point of principle about Israeli sovereignty in Jerusalem, why did he not at least stay at home to oversee the crisis, rather than be forced, as he was yesterday, to cut short a trip that turned into a diplomatic nightmare and hurry back to Jerusalem?

Mr Netanyahu's behaviour over this affair is entirely consistent with much of what he has done in his few sorry months as Prime Minister. If the secretive opening of the new tunnel entrance wiped out the last remaining hopes of peaceful dialogue, it was almost four months of determined Israeli stonewalling that provid-

ed the depressing context. While reiterating, almost daily, his professed commitment to honouring the peace accords he inherited from the Rabin and Peres Labour governments, he has done nothing to demonstrate this commitment. There has been no Israeli troop pull-out from Hebron, no opening of the "safe-passage" route from Gaza to the West Bank, no discussion of the further West Bank redeployment Israel was pledged to carry out in early September. Instead, illegal Palestinian buildings have been enthusiastically demolished in East Jerusalem and the West Bank, and plans approved for the construction of new Israeli settlements.

Yes, Mr Netanyahu did, finally, reluctantly, meet Mr

Arafat at the start of this month. But, as he had done at previous top-level summits with Egypt's President, Hosni Mubarak, and Jordan's King Hussein, he talked handily about imminent progress, but still gave no orders to move the troops out of Hebron. He insisted on final modifications to the agreement still had to be made; his army commanders contradicted him, making plain that they were perfectly satisfied with the existing accord, and were merely waiting for his orders.

Like President Mubarak and King Hussein, Mr Arafat

felt betrayed. His people, badly hurting from the economic impact of the prolonged West Bank and Gaza Strip closures, effectively gave-up on peace, hence this week's massive outburst of anger.

The question now, of course, is whether some semblance of calm can be restored, and any kind of dialogue resumed. On the Palestinian side, it is by no means clear that Mr Arafat can still exert full control over his 30,000-strong police force – armed by Israel, in happier times.

On the Israeli side, it is equally unclear whether Mr

Arafat has the will or the courage to rectify the mistakes that destroyed the peace efforts. It is, after all, so much easier to stay on the offensive, as the Prime Minister and his side have been doing for the past three days: to blame Mr Arafat for "inciting the violence"; to suggest that the true character of the Palestinians is now being exposed, and that making peace with them was always an impossibility; and to deride the Rabin and Peres governments for giving the Palestinians guns, and thus turning the unequal stones-against-rifles Intifada of 1987 to 1993 into the all-out warfare of 1996.

David Horowitz is managing editor of *The Jerusalem Report* news magazine

He has shown no commitment to the peace accords

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Comrades turn their guns on each other

JOHN LICHFIELD

There is a tragic irony in the gun battles between uniformed Palestinians and uniformed Israelis of the last two days. One of the successes claimed for the Oslo peace process – and one of the most solid building blocks of a hopeful future – was the generally good and professional relationship between the Israeli Defence Force and the Palestinian "police".

Many of the soldiers and policemen shooting at each other in Gaza and the West Bank yesterday would have been patrolling together in recent weeks. In some parts of the West Bank, Israeli and Palestinian security forces share the same barracks. There must now be a huge doubt whether the concept of joint Palestinian-Israeli security – one of the keys to the entire peace process – can survive this week's violence.

The clashes will also reinforce fears on the Israeli right that the Palestinian police – a paramilitary force up to 45,000 strong – poses a threat to Israel's security. As many as 70 per cent of the policemen were recruited from the Palestinian diaspora. Almost all the senior officers, and many of the lower ranks, previously served in the Palestinian Liberation Army, the military wing of the Palestinian Liberation Organisation. In other words, before the start of the peace process, they were "terrorists" in the eyes of Israelis. Before their return, they were based in other Arab countries. Some are believed to have fought on the Iraqi side in the 1991 Gulf war.

None the less senior Israeli and Palestinian officers say that the concept of joint patrolling and joint security has worked well. There has been increasing Israeli concern, however, at the numbers of police being recruited by the Palestinian authority. Yasser Arafat was reported to be using police jobs as a form of patronage. And as their numbers swelled the police were reported to be behaving in an increasingly autocratic way towards the Palestinian population.

RUPERT CORNWELL
Washington

Avoiding direct criticism of Israel, the US yesterday urgently appealed to both Israelis and Palestinians to end the violence on the West Bank and Gaza Strip, and to take steps to prevent progress towards lasting peace from unravelling completely.

President Bill Clinton said the fighting, by far the worst since the first Israeli-Palestinian accord of 1993, "pointed to the urgency for both sides... to resolve the issues which divide them". In a thinly-veiled rebuke to the Israeli government, Mr Clinton urged both sides to avoid "unnecessarily provocative actions" – an unmistakable reference to the decision to open a tunnel in Jerusalem near a holy Islamic site, which sparked the unrest.

Putting a brave face on the setback, the President said the eruption of violence and killing

stood out "precisely because we have made so much progress, because violence was becoming the exception, not the rule."

The majority of Palestinians and Israelis wanted peace, Mr Clinton insisted, pleading with both sides to "avoid actions that could make progress more difficult."

On the Israeli side, it is equally unclear whether Mr

Arafat has the will or the courage to rectify the mistakes that destroyed the peace efforts. It is, after all, so much easier to stay on the offensive, as the Prime Minister and his side have been doing for the past three days: to blame Mr Arafat for "inciting the violence"; to suggest that the true character of the Palestinians is now being exposed, and that making peace with them was always an impossibility; and to deride the Rabin and Peres governments for giving the Palestinians guns, and thus turning the unequal stones-against-rifles Intifada of 1987 to 1993 into the all-out warfare of 1996.

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Whitewater storm zeros in on Hillary

RUPERT CORNWELL
Washington

A president coasts towards re-election, his country unmoved by the scandal which dogs him. Defensive and resentful, he accuses the special prosecutor probing the affair of being "out to get him." But controversy refuses to die, and almost every week, it seems, brings a new embarrassing development. That is what happened in 1972. And, even some Democrats now fear, history may be repeating itself in 1996.

Whitewater of course is not Watergate, neither in terms of immediacy (the original offences were allegedly committed in distant Arkansas, 10 or more years ago) nor of gravity (Bill and Hillary Clinton are not suspected of a dirty-tricks campaign to subvert the constitution of the United States). But the parallels have become impossible to ignore.

In the eye of the storm, as she has been for months, is the First Lady, whom a report by a government regulatory body this week accuses of drafting a document used to "deceive" federal authorities over a fraudulent land deal in 1986 involving the failed Madison Guaranty bank, a client of the Rose Law Firm where she was a partner.

Mrs Clinton insists she cannot even remember the transaction, but the report's conclusions make that assertion even less credible than it was after Rose billing records - show-



First Lady: Comparisons grow with Watergate scandal

ing she worked extensively for Madison and its owner James McDougal, the Clintons' partner in the Whitewater real estate venture - mysteriously came to light in the White House private quarters in late 1995.

All is now under intense investigation by a small army of lawyers assembled in Washington and Little Rock by the special prosecutor, Kenneth Starr.

And just as Richard Nixon took aim at his tormentor Archibald Cox, Mr Clinton on Monday claimed Mr Starr was "out to get" him and his wife, and even seemed to hint he might grant a presidential pardon to Susan McDougal, the wife of James McDougal who is now in prison for contempt of court after refusing to testify before a grand jury.

Ms McDougal claims she is being hounded by Mr Starr, with threats of a long jail term

if she does not incriminate one or other Clinton. And indeed, she has won a measure of public sympathy after being photographed shackled hand and foot as she was led off to prison earlier this month.

Others however suspect she has reached a tacit deal with the Clinton camp, of refusing to incriminate the President and his wife in return for a pardon once the election is over.

Every sign is that such a step would be as big a political disaster for Mr Clinton as it was for Gerald Ford when he pardoned his disgraced predecessor Richard Nixon.

But when asked in a TV interview about the possibility, Mr Clinton was pointedly non-committal, saying merely he would review any request after an evaluation from the Justice Department. "That's how I think it should be handled."

The betting remains that

Mr Starr will avoid any dramatic step, such as an indictment of Mrs Clinton for perjury or obstruction of justice, until after November 5.

But last week's recall before the Whitewater grand jury of Carolyn Huber, the aide who found the billing records, suggests that Mrs Clinton again is squarely in the prosecutor's sights. Indeed the First Lady could herself be summoned before the grand jury for a third time.

What is certain is that even if Bob Dole crashes to defeat like George McGovern in 1972, Whitewater will dog Bill Clinton well into his second term. At the least, that means continuing huge legal bills for those embroiled in the affair. At worst, it could see indictment of his wife, and a repeat of what Mr Ford once called "the national nightmare" of Watergate.



From bust to sonic boom: A Pan-Am passenger jet taxiing ready for take-off yesterday at New York's JFK airport. It was the recently revived airline's first flight. Photograph: Justin Sutcliffe

significant shorts

Kabul troops abandon city to Taliban

Afghan government troops appeared to be abandoning the capital Kabul yesterday as forces of the rebel Taliban Islamic militia poised on the edge of the city, witnesses said. A Reuters correspondent in Kabul said troops were abandoning checkpoints and trucks loaded with government soldiers had been seen heading north out of the city. Earlier the government had vowed to fight to the death to defend Kabul, ignoring a UN Security Council call for a ceasefire. *Reuters - Kabul*

Serb sanctions to be lifted

The international community is expected to lift all remaining sanctions against the Serbian entity in Bosnia and the Republic of Yugoslavia within a few days, UN officials said. The path was cleared for the lifting of sanctions by the Security Council at a meeting of the Contact Group of Western powers monitoring the Bosnia peace process, including the United States, Britain and Russia. Optimism was expressed that a final certification of this month's elections in Bosnia will be issued by the Organisation for Security and Cooperation in Europe in the next few days. *David Osborne - New York*

Tigers kill 100 soldiers

Tamil Tiger guerrillas killed at least 100 Sri Lankan soldiers in a counter-attack near the northern rebel stronghold of Kilinochchi, military officials said. In an attack on advancing government troops, members of the separatist Tamil Tigers hit the rear of an army column with mortars. *Reuters - Colombo*

N Korea vows 'strong' action

North Korea said it would take "strong" measures against South Korea for killing North Koreans who landed in the South from a submarine last week. The decision was made at a meeting of the North Korean government, political parties and other organisations. "The meeting bitterly denounced the South Korean puppets for brutally killing soldiers of the Korean People's Army who could not but go ashore in Kangnung, South Korea, after an accident during their regular training," the official Korean Central News Agency said. *Reuters Tokyo*

KDP declares joint group to run Kurdistan

The Kurdistan Democratic Party that, with military help from Baghdad, took control of northern Iraq in fighting with the rival Patriotic Union of Kurdistan this month, said it was forming a 16-person cabinet to run affairs in the Kurdish region. "The new administration includes representation of all peoples living in northern Iraq," said the KDP. It said the Kurdish National Assembly - composed of both KDP and PUK representatives - appointed KDP politician member, Roj Nuri Shawyee, as prime minister of the region. *Reuters - Ankara*

Russian train hits school bus

A train slammed into a school bus at a railway crossing in southern Russia, killing 15 children and injuring 14 others. The accident occurred at an unguarded crossing at Konnoarmeyskaya in the Rostov region, said Alexander Avdoshin, a spokesman for Russia's Ministry of Emergency Situations. *AP - Moscow*

Mob 'hitman' arrested

Italian police said they had arrested one of the suspected Mafia killers of a former mayor of Palermo, Giuseppe Insalaco, in 1988. The suspect, Domenico Guglielmino, has been named as a member of the hit squad by a leading mob turncoat, Calogero Ganci. Police gave no immediate details of the circumstances of his arrest. Insalaco was mayor of Palermo for the now defunct Christian Democratic party for four months in 1984. Two gunmen on a motor scooter killed him in his car as he drove in a crowded city street in Palermo on 12 January 1988. *Reuters - Palermo*

Halt, no soliciting

A town in Italy trying to put a stop to prostitution has come up with a novel approach - special traffic signs banning love on the streets. One of the signs has a diagonal bar over a silhouette of a woman leaning against a lamp post, smoking a cigarette. The other shows two hearts with a similar diagonal bar. The council in the Tuscan town of Aulla said both would be erected after the mayor banned cars from stopping along a main road where prostitutes and their clients meet. *Reuters - Rome*

The Disability Discrimination Act serves every body right.

From 2 December, if you don't know about disabled people's rights, you could end up in the wrong.

Look out for further information arriving in the post.

If you provide goods, services or facilities to the public, you must be ready to comply with the Act. From 2 December, you must treat disabled people just as well as your other customers.

It's not just good news for disabled people. After all, satisfied customers are good for your business.

So be ready for a change for the better. For everybody.

obituaries / gazette

Professor
Stuart Piggott

Stuart Piggott was the last of the generation who created the discipline of prehistoric archaeology in Britain, and who exercised a profound influence on its development on a wider European and, indeed, world stage. The friendships and rivalries of Piggott, Grahame Clark, Cyril Fox, Glyn Daniel, Mortimer Wheeler, Richard Atkinson and Christopher Hawkes patterned the development of the subject for 40 years of astounding achievement.

Born in 1910, Piggott came from old Berkshire yeoman stock, his father a schoolmaster and his mother a Welshwoman from Breconshire. One might, perhaps, attribute his intense shyness and reticent modesty combined with the scintillating acuteness of his mind to that dual ancestry. Without doubt his profound love of his native Wessex countryside was in his blood and never left him. He also inherited a quite remarkable talent for the graphic arts.

By the age of 16 he was an active field archaeologist exploring the wealth of the South Downs and the Berkshire Downs. His sketches and notes brought him to the attention of the Ordnance Survey Archaeology Division and its chief, O.G.S. Crawford, and it was this contact that brought him, after a brief apprenticeship in the museum in Reading, to his first archaeological appointment, in 1932 at the age of 18, as an investigator with the Royal Commission on the Ancient and Historical Monuments of Wales.

The fieldwork, in Anglesey, he found a delight, and his "archaeological eye", which never left him, developed at this time. All who ever worked with him, however, will recognise the impossibility of his ever having worked indefinitely within government service, with its emphasis on administration and irksome control. (I remember with glee an incident much later when university authorities queried the substantially increased postage bill of Piggott's department, to which he replied in his immaculate italic handwriting, "I think it may

be that we are posting more letters.")

In 1928 Piggott had begun to work on the excavation of the Neolithic enclosure at the Tundale, near Goodwood in Sussex. His handling of the pottery and other finds on the site realised his innate ability to assimilate vast bodies of material and also fixed his first great research objective – a study of the British Neolithic. Thus he became the obvious choice for Alexander Keiller, the wealthy confectionery magnate, who wished to excavate the Neolithic site at Windmill Hill, near Avebury in Wiltshire.

Piggott became Assistant Director to Keiller in 1933 and it was here that he cut his teeth in the remaining area of archaeological skill – excavation and its management. His excavation career, which was to include work at Stonehenge and West Kennet, was to continue, untainted by non-publication, until his final, and beautiful, excavation of the Neolithic long barrow at Dalladies, near Montrose in Scotland, conducted in the early 1970s.

The excavation at Windmill Hill continued until 1938, and during this time Piggott undertook his second great research project – a study of the Early Bronze Age of Wessex. This project had its origins in Piggott's fascination with the insights and intellectual background of the great antiquarian tradition that was so strongly connected with his Wessex homeland.

In 1945 he was awarded the degree of BLitt by St John's Col-

lege, Oxford, for his study of William Stukeley, published in 1950. His researches into early antiquarian matters, and the proximity of the collections of Devises Museum to the work at Avebury, brought him into close contact with the products of these researches – the wealth of exotic prehistoric objects retrieved under relatively uncontrolled conditions from the burial mounds of Early Bronze Age chieftains on the rich farmland of Southern England.

These exotica drew Piggott inexorably into the wider field of European and even Near Eastern archaeology. A massive capacity for reading, and his established ability with the synthesis of material led to a paper, "The Early Bronze Age in Wessex" (*Proceedings of the Prehistoric Society*, 1938), which 60 years later is still controversial ("Oh! are they still talking about that?" he said when I mentioned it to him recently).

With the Second World War looming, and Windmill Hill completed, Piggott found himself in strange places, among the Intelligence Corps and, eventually, was officer in charge of aerial photographic interpretation (a skill that derived from his association with Keiller) in the Far Eastern theatre. His (somewhat fraught) association with Wheeler developed at this period and they worked together on a number of archaeological projects in India. His book *Prehistoric India* was published after the war in 1950.

With the rank of Lieutenant-Colonel, Piggott returned to Britain in 1945, having gained the ability to see Europe, archaeologically, from afar. It almost certainly came to him as a great surprise to be invited by Edinburgh University to succeed Vere Gordon Childe, the doyen of European prehistoric archaeology, as Abercromby ("Apprecrumbly", as Piggott always, irreverently, used to say) Professor of Prehistoric Archaeology.

With characteristic conscientiousness, seriousness (and, one suspects with a will) he immediately set to work expand-



"Surely my starries impelled me to be an Antiquary": Piggott, right, with Grahame Clark on a Cambridge student field class at Stonehenge, 1953. Photograph: John Murney

ing and deepening his already established European contacts and knowledge. By 1951 he had conducted one major excavation in Scotland (the hill-top henge at Cairnapple near Lamlithgow) and had submitted for publication his seminal *Neolithic Cultures of the British Isles*, published in 1954. Almost immediately overwhelmed by the radiocarbon dating revolution, the book still remains, today, an essential starting-point for any serious consideration of the period.

Much travel in Europe – welcomed and feted from Madrid to Moscow – followed. Piggott nonetheless found energy to be an active Commissioner for the Royal Commission on the Historical Monuments of Scotland, playing a vital role in the restructuring and updating of the commission's practice after the hiatus of the war. He was elected a Fellow of the British Academy in 1953.

It was the years from 1955 to 1965 that saw the conception of what, in my view, was his mag-

num opus. Teaching his courses in his gentle but interactive way he slowly built his conception of the unique innovativeness of European culture, working on the foundations laid by his professional predecessor, Childe.

Ancient Europe was published in 1965 and dedicated, characteristically, to "my pupils". Piggott retired from the Abercromby Chair in 1977 and since then, as Emeritus Professor, continued his unblemished stream of publication. In 1976, shortly before he retired, *Ruins in a Landscape*, a study of early antiquarian thought and method, was published, followed in 1989 by *Ancient Britons and the Antiquarian Imagination*, his final statement on this subject.

In 1983 one of the vital areas of "Europeanness" (in its broadest sense) defined in *Ancient Europe*, was further explored in his brilliant *The Earliest Wheeled Transport*, which was followed by the award-winning, *The Gold Medal of the Society of*

Antiquaries of London in that year. Piggott was still publishing into the early Nineties. Visited regularly by students, colleagues and friends in the cottage he retired to in his beloved Berkshire (now Oxfordshire), he was always a most courteous host. He continued to read in his massive library housed in an especially built extension until latterly his sight failed him.

Piggott's beaky nose with his abundant silvery hair lent him a distinguished but not lofty air. He had very clear enunciation and he loved sports cars – driving an MG in his final years at Edinburgh. He would occasionally sport the most extravagant silk waistcoats, and his precise, slightly prickly style earned him the nickname among his students of "Piggins".

By his personality and his intellect he attracted scores of students and colleagues who regarded him with affection as their model and their friend. His death will be to many a bereavement. Writing in the latter Eighties a short essay on his

own life, again with characteristic modesty, Stuart Piggott quoted as his *alter ego* the antiquary John Aubrey (1626-97), born at Kingston in Wiltshire – "Surely my starries impelled me to be an Antiquary, I have the strangest luck at it, that things drop into my mouth!"

Roger Mercer
Stuart Piggott, archaeologist: born Petersfield, Hampshire 28 May 1910; Abercromby Professor of Prehistoric Archaeology, Edinburgh University 1946-77 (Emeritus); FBA 1953; CBE 1972; publications include British Prehistory 1949, Prehistoric India 1950, William Stukeley: an 18th-century antiquary 1950, Neolithic Cultures of British Isles 1954, Scotland before History 1955, Approach to Archaeology 1959, Ancient Europe 1965, The Druids 1968, Antiquity Depicted 1978, Ancient Britons and the Antiquarian Imagination 1989, Wagon, Chariot and Carriage 1992; died West Chulow, Oxfordshire 23 September 1996.

Nicu Ceausescu

As the Communist era in eastern Europe drew to a close in the late 1980s, few regimes were more brutal, obnoxious and surreal than that of Nicolae and Elena Ceausescu in Romania. And of all the characters who walked that nightmarish stage, few were regarded as more brutal, obnoxious and surreal than Nicu Ceausescu, the dictator's youngest child, who died yesterday in a Vienna hospital at the age of 45.

Stories abounded in Communist times of Ceausescu's almost manic indulgence in women, alcohol, fast cars, expensive clothes and jewellery, at a time when ordinary Romanians were reduced to living on scraps of meat and nettle soup in unheated, unfit apartments. Ion Cepeanu, a Romanian intelligence service chief who later defected to the West, told in his memoirs of a banquet at which he saw Nicu pour Scotch over the foreign minister's head, urinate over a platter of oysters and start to rape a waitress.

He also alleged that Nicu had raped a classmate at the age of 14, acquired his first boat at 15, and turned into a drunken hooligan at 16, causing car accidents all over Bucharest. Yet some of Cepeanu's episodes sound too lurid to be true, and Ceausescu's reputation as a louche and loathsome lunatic was in all probability exaggerated. In the aftermath of the December 1989 revolution, it suited Romania's post-Communist rulers to keep alive his image as a wicked degenerate who abused women and drank spectacular quantities of whisky. By demonising Ceausescu, President Ion Iliescu and his followers sought to focus public discontent on the past, conceal the shortcomings of the post-Communist govern-

ment, and put distance between the late dictatorship and Romania's new rulers, many of whom had in fact been intimately associated with the Ceausescu regime.

Though the youngest of the three Ceausescu children, Nicu was groomed in the 1980s to be his father's successor, a prospect that gave rise to the quip that Romania was developing "socialism in one family". After serving as head of the Communist youth movement, a stepping-stone to the party leadership, he was transferred in 1987 to run the party organisation in the medieval city of Sibiu.

For the next two years, according to Sibiu residents, he helied his notoriety by working quietly to circumvent his father's grim austerity measures and provide his city with a modicum of well-being. In the last years of his life, he also claimed to have opposed his father's destruction of the old heart of Bucharest, a rampage that resulted in the construction of a grotesque palace for the Communist leadership and avenues with names such as the Boulevard of the Triumph of Socialism.

When the 1989 revolution broke out, Nicu left Sibiu for Bucharest, but his parents had already fled the capital. Shortly before their execution on Christmas Day, Nicu was arrested and charged with ordering security forces to fire on demonstrators in Sibiu, where almost 100 people had died in the uprising.

Nicu strenuously denied these accusations but, at his trial in 1990, made a joke of them in a way that illustrated the fundamental failings of his character. He apologised to the court for having an incomplete memory of the December



Ceausescu: 'socialism in one family'

events and said that he had been drunk at the time. Romania's state prosecutors initially charged him with genocide, a manifestly absurd accusation, but eventually changed the indictment to "instigation of aggravated murder". Predictably, he was found guilty and sentenced to 20 years in prison. However, in November 1992, after the charge against him had been changed yet again to mere illegal possession of firearms and his sentence had been reduced to five years, he was quietly set free.

By this time he cut a sorry, gaunt figure, chain-smoking, his life empty of purpose, and his body racked with hepatitis and cirrhosis of the liver. Yet although the latter disease may

have been caused by years of heavy drinking, Ceausescu had only a mild form of the illness when it was first diagnosed in 1989. Friends of Nicu suspected that the disease acquired fatal dimensions only because Romania's post-Communist rulers denied him access to proper medical treatment.

It was perhaps some consolation, as his life approached its premature end, that many Romanians chose to view Nicu with pity rather than hatred. He is survived by his brother Valentin and his sister Zoia.

Tony Barber

Nicu Ceausescu, politician: born 1951; died (marriage dissolved); died Vienna 25 September 1996.

Alex Manoogian

Alex Manoogian was perhaps the world's richest Armenian. An exile from his native land, which he left at the time of the genocide of the Armenians under the Ottoman Turks, he built up a *Fortune* 500 company in the United States and amassed a multi-million-dollar fortune, becoming the leading philanthropist of Armenian causes. Despite his huge charitable donations he was a modest private man who resented having to spend money needlessly on himself.

Manoogian was born in Kasab, near Smyrna (now Izmir), in the Ottoman Empire, in 1901, the son of a wealthy Armenian grain and raisin trader. As a young boy he served as an altar-server in the local church and wanted to be a priest. But life was to be different. These were turbulent times for the Armenian community in the Ottoman Empire.

The Young Turks had begun their campaign to deport or exterminate the large Armenian community from their midst. More than 1 million Armenians are believed to have been murdered or died in harrowing circumstances in 1915-18 in this century's first genocide. The Armenian community all but disappeared from Anatolia, those who survived barely managing to drag themselves on forced marches through the desert and into Syria and Palestine.

Manoogian was lucky. His home town was near an international port and was thus spared extermination or deportation. Alex's father, Takvor, apparently maintained good relations with the local Turkish authorities even as the killings were going on elsewhere. After completing school the young Manoogian, at the age of 17, borrowed money from his father

and set up his own trading company. But, uncertain of the future in the troubled region, Manoogian decided that his best chances lay elsewhere.

He set sail for the United States and arrived like countless other immigrants at Ellis Island, on 20 May 1920, with two suitcases and just \$50 in his pocket. Although he knew five languages, English was not one of them. He worked for a succession of Armenian bosses, once polishing spoons in a silver shop, and taught Armenian in evening classes.

He soon met Harry Ajamian, who taught him the essentials of tooling screws and bolts. Ajamian became his brother-in-law and also a partner in Manoogian's first company, Masco, set up in the Detroit suburb of Taylor in 1928 on the eve of the stockmarket crash. When Manoogian's two partners left the company, Manoogian was on his own as chairman, president and chief executive. By hard work the company prospered and, when it went public in 1936, was the first Armenian-owned company to be listed on the stock exchange, first in Detroit and later in New York.

Masco's big break came when the Ford Motor Company suddenly needed a part within 24 hours for the launch of a new model. No other firm in Detroit was prepared to take on the job at such short notice. Manoogian produced the part with an hour to spare, reportedly earning the praise of Henry Ford: "Young man, you're going places."

Manoogian later decided to reduce his dependence on the Detroit car companies and branched out into other areas. In Ford provided his first big break his fortune was made with



Manoogian: 'Why wouldn't people want to do something with one hand rather than two?'

the mixer tap. In 1952 he was approached by acquaintances who tried to interest him in their invention: a ball valve joint that would allow a tap to run hot and cold water together. Manoogian was enthusiastic. "Why wouldn't people want to do something with one hand rather than two?"

Together they put the tap into production and, when plumbing shops said there would be no market for it, Masco decided to market it himself. The fortune was made. By last year the company had sales of \$33m in home furnishings and building products. Nearly \$700m of this still comes from taps. Manoogian was to run the company until 1985.

Manoogian was a private man who set great store by family life. In 1931 he married a musician, Marie Talian, in New York, and they had two children, a daughter Louise and a son Richard. Richard was gradually brought into the company, becoming Masco president, and later chairman as well.

However, it was Manoogian's philanthropic activity that brought him respect and even

reverence from the world-wide Armenian community. He joined the Armenian General Benevolent Union (a charity founded in Cairo in 1906) in the 1930s. As his donations increased his stature in the organisation increased. In 1953 he was elected to the AGBU central board, becoming international president. After 37 years at the helm, it was to his daughter Louise that he handed on the presidency.

It is estimated that Manoogian gave about \$80m to charitable causes. Some \$50m went to support Armenian schools throughout the world, from Iran to Latin America, \$15m to churches and monasteries and at least \$10m to artists, musicians and scholars. It was Manoogian who stepped in to save the Armenian Catholic monastery at San Lazzaro in Venice after a faced ruin in the wake of a wildfire. He gave large sums to the now independent Armenian Republic which, towards the end of the Soviet era, suffered a devastating earthquake and terrible poverty after war broke out with Azerbaijan over the enclave of Nagorno-Karabakh. Schools and streets are named after him in Armenia and other countries around the world.

The independent Armenian state soon recognised Manoogian's contributions. In 1994 he became the first diaspora Armenian to receive the award Hero of the Armenian Nation and he was granted honorary citizenship.

Kelley Corley

Alex Manoogian, industrialist and philanthropist: born Kasab, Ottoman Empire 1901; married 1931 Marie Talian (died 1992; one son, one daughter); died Detroit 10 July 1996.

DEATHS

COLCHESTER: Nico. Suddenly of a heart attack in New York on 25 September aged 49. Beloved husband of Laurence, father of Max and Felix, son and brother. Funeral private. Memorial service in London to be announced later.

EDWARDS: On 22 September, Rene Ethel, aged 75, beloved wife of Frederick. Funeral service at St Mary's, Hampton, on Wednesday 2 October at 11.15am. Flowers to G.S. Keats, Hampton Hill, by 10 am or donations to the British Red Cross Society.

REASE: Margaret. Died peacefully in Cambridge on 24 September 1996. Beloved wife of the recently deceased Bernard and loving mother of Stephen, the late John, Catherine and Matthew. Funeral Mass will take place on Tuesday 1 October. All enquiries to Cambridge Funeral Services, telephone 01223 415255.

Births,
Marriages
& Deaths

MARRIAGES

OWEN-PICKERING: On 21 September, at West Lodge Park, Hertfordshire, James, son of Stephen and Dorothy Owen of Southport, and Helen, daughter of Peter and Marie Pickering of Fitchley, London.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Independent, 1 Canada Square, Canary Wharf, London E14 3BN, telephoned on 0171-293 2911 or faxed on 0171-293 2910, and are charged at £6.50 a line (VAT extra).

Birthdays

Miss Diane Abbott MP 43; Mr Louis Auchincloss, attorney and author 79; Miss Josephine Barslow, soprano 56; Sir Roger Birch, former Chief Constable of Sussex 66; Mr Philip Blacker, jockey 47; Baroness Blackstone, educationist 54; Mr Michael Cohn MP 64; Miss Barbara Dickson, singer 48; Miss Michele Donice, actress 48; Vice-Admiral Ian Garnett, Deputy Supreme Allied Commander Atlantic 52; Mr Kenneth Gill, former president, Saatchi & Saatchi 75; Sir Alexander Graham, former Lord Mayor of London 58; Mr Nicky Haslam, interior designer 57; Sir Peter Holmes, former chairman, Shell Transport and Trading Co 64; Mr Gordon Honeycombe, author and broadcaster 60; Sir John Hunt

MP 67; Mr Denis Lawson, actor 49; Professor Geoffrey Martin, historian 68; Miss Barbara Murray, actress 67; Mr Robin Nedwell, actor 50; The Rev Professor Dennis Nineham, theologian 75; Mr David Peak, former chairman, Kilmort Benson 62; Mr Arthur Penn, theatre and film director 74; Mr Ian Penderleith, Government Broker 53; General Sir Ian Riches, former Commandant-General, Royal Marines 86; Lord Shepherd, former Lord Privy Seal and Leader of the House of Lords 78; Mr Alvin Stardust, rock singer 54;

Anniversaries
Births: St Alfonso Maria del Liguori, theologian, 1696; George Cruikshank, illustrator and caricaturist,

1792; Louis Botha, first prime minister of South Africa, 1862; Rosa Lewis (Rosa Overend), hotelier, 1867; Nikolai Ivanovich Bukharin, Russian leader and journalist, 1888; George Raft, actor, 1895; Sir William Empson, poet and critic, 1900; Sir Martin Ryle, Astronomer Royal, 1918; Deaths: William of Wykeham, bishop and founder of Winchester College and New College, Oxford, 1404; Marco Girolamo Vida, bishop, humanist and poet, 1600; Laurence Euston, poet, 1720; Raymond de Gourmont, writer, 1915; Hilaire-Germain Edgard Degeas, painter, 1917; Engelbert Humperdinck, composer, 1921; Sir Arkside Mallot, painter and sculptor, 1944; Gerald Finzi, composer, 1956; Sir Norman Brooke, tennis

champion, 1968; Dame Gracie Fields, singer and entertainer, 1979. On this day the Society of Jesus was founded, 1540; Mount Ararat was climbed for the first time, 1830; Warsaw surrendered to the German forces, 1939; the first London performance of the musical *Hair* was presented, 1968; Today is the Feast Day of St Barron or Barnoch, St Eleazar of Sabran and St Vincent de Paul.

Lectures

Victoria and Albert Museum: "The Art of Savile Row Tailoring", talk and demonstration by tapers from the London College of Fashion, 2.30pm. Tate Gallery: John Thompson, "The Work of Bruce Nauman", 1pm.

Legal Year

The Legal Year begins in October and courts will sit for four terms during the year. 1996/97 term dates are: *Michaelmas* 1 October - 20 December; *Hilary* 13 January - 26 March; *Easter* 8 April - 23 May; *Trinity* 3 June - 31 July.

• Law Reports in *The Independent* return on 1 October.

Synagogue services

Details of synagogue services to be held tomorrow may be obtained by telephoning the following. Sabbath begins in London at 6.33pm. United Synagogue 0171-387 4388. Federation of Synagogues 0181-262 2263. Union of Liberal and Progressive Synagogues 0171-588 0181. 249 4734. Spanish and Portuguese Jews' Synagogue 0171-299 2572. New London Synagogue (Masorti) 0171-328 1826.

ROYAL ENGAGEMENTS

The Princess Royal attends the Seminar "Food, Agriculture and Agribusiness - Future Challenges and Opportunities" at the Royal Agricultural College, Cirencester, Gloucestershire, as Patron; the National Association of Citizens Advice Bureaux, attends the Annual General Meeting at York University, Heslington, York. Princess Margaret, President, the Royal Scottish Society for Prevention of Cruelty to Children, visits the Society's Killen Family Resource Centre, Avoch, Ross-shire.

Changing of the Guard
The Household Cavalry Mounted Regiment mounts the Queen's Life Guard at Horse Guards, 11am; 1st Battalion Irish Guard, mounts the Queen's Guard, at Buckingham Palace, 11.30am, band provided by the Coldstream Guards.

هكذا من الأصل

Let's hear it for the makers of the British buzz

There is a considerable buzz about Britain now," says the national tourism quango as it announces record numbers of visits from overseas. But is it the sound of a fat bumblebee flitting round the bustles and topboots of Heritage Country or the urgent microphone rasp of Jarvis Cocker singing of something Miss Emma Woodhouse would have associated only with the most vulgar and unAnglican of religious experiences? Modern British tourism is poised – like national identity at century's end – between two worlds. Beefeaters or Oasis; Ann Hathaway or the fashion gurus Pearce Fionda.

The Americans, the Japanese and perhaps also the growing numbers of Taiwanese (an interesting reflection of that island's growing wealth and internationalism) probably still come for the old shoppes, Stonehenge, Hampton Court and the Royal Mile – Britain as pageant, living history, island theme park. In Kansas City, as in Osaka, Britain lives still in the public's imagination as Jane Austen country or, in the Scottish variant, the land of kilts figures looking like a cross between Liam Neeson and Mel Gibson. In such a country soldiers should, as they do, dress up in busbies and parade outside Horse Guards as if George II were still on the throne, the cottages should be thatched and the castle moats deep. It is a form of what the economists call comparative

advantage: we are good at doing the past and it would be foolish to throw away the yen, especially since we are unlikely to earn them from sales of machine tools.

A few years back cultural commentators of left and right got themselves into a rather silly tangle over whether Heritage was a Good Thing. Some argued that half-timbering was a kind of moral disease and the view from the battlements always backward. Others seemed at times to be arguing that if we all started to dress up in smocks and armour and stand at the entrance to Arundel or Culzean Castle we would never have to worry about deindustrialisation again. Thankfully we seem to have got over that debate – partly because ancient and modern can never really be dissociated in some neat way. And what do we make of *Sense and Sensibility*, financed from the United States, directed by a Taiwanese, starring British actors that makes a lot of money worldwide and serves to boost tourism to Devon?

What thwarts the doomsters is the sinuousness, the unpredictability of culture. Tourism is clearly big business and a growing source of employment, but trying to plan for it is usually fatal. We certainly need to protect precious sites such as Avebury and the Abbey; the City of Glasgow has done wonders in plotting the cult of Rennie Mackintosh. But tourism is increasingly also a product of imagination and, among

younger people, a response to a sense of what and where is new, exciting, cutting edge.

Tourism in Britain is up. More foreigners want to come and visit these shores despite London's capacity to offer urban crime of a frighteningly American kind, as a poor tourist found out near King's Cross the other night. Equally more of us are visiting them. There is a lot more tourism throughout the world and since the number of destinations is limited, you would expect Britain automatically to attract a growing share, even if there was nothing special to see or do here. But there

is – like being free and even a little anarchic. To Singaporean youth (the target for some recent British Tourist Authority promotion) dropping litter in the street without fear of being keel-hauled could be one of this country's greatest attractions. The Netherlands are already free but judging by the headgear sported by numbers of Dutch visitors, perhaps Britain has an ultimate liberty – it is a place you can get away with wearing funny hats in public.

Just why numbers are up can only be guessed at. It seems more repeat visitors and they must be returning to do more than revisit Madame Tussaud's or

the Tower. Britain's attractions may have, in part, to do with the *Spender* phenomenon. If in a television series you project a rather glamorous character against an urban backdrop, the physical surroundings (Newcastle upon Tyne) acquire a new aura of interest and excitement – which is the reason the city fathers and mothers of Birmingham and Leeds have thought about bribing screenwriters to plant detectives or hospital doctors in their fictional midst.

People abroad are seeing or hearing an exciting Britain and want to visit. The association of London and cultural modernity is not new. From Peter the Great hanging out in the pubs of Deptford to young Danes threading the Soho maze to find Carnaby Street in the Sixties, London has, off and on, been where it is at. And, says the British Tourist Authority, it is once again stylish, contemporary and vibrant. They come, in their millions, for Camden Lock in north London but also – officialdom is reticent on this – for semi-forbidden pleasures in clubs and pubs.

Not only London will benefit from this association of Britain and the frontier of what is permitted, of what is to be experienced. How many young people are likely to set a course for Leith after seeing *Trainspotting*? In a just world Irvine Welsh would find himself being offered a civic banquet for his part in boosting Edinburgh tourist revenues. But the fact is, still, the businessman

who makes the widget gets the accolade much quicker than the maker of culture who creates the buzz. Popular singers sometimes get their gongs, true, and prime ministers and opposition leaders do find time in their diaries to fête knickerless dress designers. But a gulf persists between the British culture that foreigners find attractive and what gets recognised as significant and meritorious. There will probably have to be better alignment between the two if the visitors are to keep coming and spending.

Anyone for a magic potion?

Popeye ate spinach. Asterix drank herbal tea. Rowers and long-distance runners gorge on pasta. For centuries, athletes and warriors have relied on the powers of their food and drink to make them strong. Now the Ministry of Defence has developed its own magic potion to turn our soldiers and sailors into superheroes.

But could there be another motive? What with defence cuts and private finance initiatives, the MoD needs every penny it can get. Hot on the heels of alcoholic glue and isotonic brew, the next new drink to hit the high street could be Martial-ade. Who says the public sector can't innovate?

LETTERS TO THE EDITOR

People might just survive cyberdoom

Sir: Ian Angell appears to have overlooked a crucial long-term factor in his ebullient forecast of a mass-unemployment, computerised future ("The signs are clear: the future is inequality", 25 September). In the long term, companies will have to modify their excessive enthusiasm in the face of what the public will tolerate.

The writing is already on the wall. People are becoming angry to have their telephone inquiries answered by recorded voices that give them a time-wasting and inadequate selection of "options". Down-sized driver-only buses are being seen to be consumer-unfriendly, as queues wait to board in the rain and traffic is congested by buses held up at stops.

It is easy enough to be "profitable and efficient" if you simply pass the labour costs of your operation on to the (unpaid) public. People will do the horse-work of shopping by trudging with laden trolleys. They will fill their own petrol tanks (again, often in a downpour). And they will act as their own switchboard operators by obediently pressing buttons.

But they will only do this for so long. There is already a longing for person-to-person dealings – customer-pampering – and the successful firms of the future will be those who entice the most custom not by robots, but by a well-staffed and human service. IAN FLINTOFF London SW6

Sir: I presume Professor Angell is using the royal "we" when he says, "We are entering an age of hopelessness, an age of resentment, an age of rage." For the rage is surely his own; rarely has such spleen been vented in the name of journalism.

As a consultant working in organisations that are "downsizing, delayering and outsourcing" I know better than most how difficult the employment market is. But has he considered that while "productivity is delivered by a technology needing only a few machine-minders, someone has to design, produce, market and service those machines?"

The world of work is changing profoundly, but it is not grinding to the cataclysmic halt Professor Angell envisages. I know because I work with people, not theories, and those people are still finding ways to earn a living, whether the ways that Professor Angell deems suitable or not.

His anger is magnificent, but I hope the "huge number of soon-to-be-unemployed" use their own common sense and listen to the voice of reason rather than the rhetoric of an angry man. MELISSA HAWKER Wisbech, Cambridgeshire

Sir: Nothing can be done in economic and political circles today without some reference to globalisation, low Third World wages, and the end of the nation state. It is all nonsense. Foreign trade is no higher a proportion of our activity than it was in 1914, foreign investment far lower.

Low wages in the Third World? First, these usually reflect low productivity. Second, most of the trading partners of the UK with which one associates low wages, such as Taiwan, actually don't have low wages any more.

End of the nation state? Until the 20th century there were no passports, no immigration controls, no border controls, little tax in most



nations. The gold standard meant autonomy in monetary policy was severely restricted. Today, there are more nations than ever, they have more control over their citizens than ever, they are richer than ever. MATTHEW J. TURNER London NW3

Sir: Starting, as he ends, with Nietzsche, Ian Angell seems to identify himself as an omniscient Superman for whom the use of the conditional is foreign, as the inescapable future of humanity is already revealed. Of course, professors of information systems are members of the elite, those "few entrepreneurial knowledge workers" with "unique skills"; so he can afford to display contempt for the rest of us. RON POKIA London N15

Sir: There has been some real nonsense written about globalisation, but this has to take the biscuit. Off-planet banking? Off-planet journalism more like. It confirms my impression that your commentary page will now publish anything that contains the words new, global, age, and information, arranged in more or less any order. CHRIS SAVAGE London SE10

McOutrage

Sir: Might I suggest that any of your readers who bear the name McDonald join forces and instigate proceedings against a certain fast food chain for using their name? ("Big Mac chews out little Mrs McMunchie", 24 September) SIMON DUNN Leeds

Xenophobic eye on the hustings

Sir: It is now a truism that one of the most fateful failures of our early post-war foreign policy was to decline offers to the UK by victors and vanquished alike, as the only combatant European nation to avert both hostile occupation and defeat, to accept the leading role in Western Europe's new structuring, designed to prevent ever again our Continent being ravaged by internecine conflicts. Our governments of the day believed any such achievement was anyhow unattainable, with or without us. Fifty years later, we are in danger of making the same mistake again.

How anyone sensible can attack Kenneth Clarke for doing his best to see this does not happen passes my comprehension ("Can anyone fill Clarke's shoes?", 25 September). Of course HMG, especially the Prime Minister himself, go on staunchly reiterating that we are determined to be "at the heart of Europe". Up to now the only evidence of this proud aim, as seen by our mainland partners, is Britain's readiness in the Council of Ministers to administer cardiac arrests whenever it is thought, rightly or wrongly, that our national interests could be adversely affected.

What makes this situation worse is a growing suspicion by many Conservatives who are neither obsessed Europhiles nor wet nor unpatriotic lefties, that the true motivation of some of our Tory

Euro-sceptics is to put their faith in narrow nationalist attitudes, tinged with xenophobia, to try to ensure that enough popular sentiment is whipped up to secure a fifth Conservative term in office. Sir FREDERIC BENNETT Abernethy, Powys

M15 and Wilson's resignation

Sir: I have just seen the video of the recent Channel 4 production of Harold Wilson's resignation in 1976. I feel, for the sake of record, I should add a few details which give a better perspective.

In 1974 Harold Wilson telephoned me in the afternoon of the day before he was appointed Prime Minister and asked me to come to his house in North Street. He began the conversation by saying that he expected to be called to Buckingham Palace the next day. He then stated that he had decided to accept this office for a period of two years at the utmost. I asked him the reasons and he replied that there were medical and personal reasons that made it impossible for him to retain this office as Prime Minister for longer. He told me that even with a short period he had been "the longest-serving Prime Minister". He said that he could not carry the "burden" any longer.

After the Prime Minister had taken office he invited me to a private luncheon at Downing Street. I was again alone at this meeting. After lunch he invited me to come

to his study. When we arrived there it was found that the key for the study could not be traced. He had therefore not used this study before, and after waiting for about 15 minutes, the key was produced. As we were settling down in Mr Heath's study he looked around the room and said, in a joking way, "You can talk quite frankly to me in here. There is only you, I and M15 listening," pointing to a hole in the wall where some picture had been previously removed.

Within a month of Harold Wilson's appointment I happened to meet his doctor, whom I knew fairly well. He committed no indiscretion but gave me a hint as to his medical condition. Prior to this meeting I had always admired Mr Wilson's fabulous memory and it was already clear to me, when I spoke to Harold Wilson this time, that his memory was very good but as was apparent from previous discussions, not as accurate.

I strongly believe that Harold Wilson's preoccupations with M15's investigations were somehow connected with his progressive medical state. I think Harold Wilson was very intrigued with M15's interest but had an ironic attitude towards it. He always considered them as being a somewhat ridiculous attempt to unsettle his position. I can never remember an occasion when he mentioned these facts without a smile.

He resigned exactly on the date he had told me. Lord KISSIN House of Lords London SW1

Uphill fight for organic food

Sir: Recent research on the European market for organic meat and dairy products strongly supports Prince Charles's views on organic farming ("Charles: King of the Legumes", 20 September).

The UK has the lowest percentage of organic farmland in the EU and is being obstructed by the relatively small grants offered by the Government for farmers to switch to organic farming. The reform of the common agricultural policy in 1992 provided incentive for farmers to convert to organic agriculture. Other EU members have all granted financial aid and research for the conversion. Austria has the largest amount of organic farmland in Europe – 12 per cent of all farmland. Germany and Denmark have 2 per cent. Britain has a mere 0.3 per cent.

Up to 70 per cent of all organic foods sold in the UK are imported. An increase in organic farming should not be seen as a threat to intensive farmers – both should co-exist, allowing the public to decide. AMARJIT SAHOTA London SW1

Pushy charities

Sir: In recent years I decided to make smallish contributions to a much wider number of charities, having previously supported a few on a more regular basis. I have been amazed how this has led to a profusion of repetitive requests for further donations via my letter box. I cannot be alone in my reluctance to give under such persistent pestering. ANDREW GENTLES Harrogate, North Yorkshire

Keep censors off the Net

Sir: At last, a well-researched non-sensationalised article on the Internet ("The net effect is confusion", 24 September). Unlike some upmarket Sundays who should know better, *The Independent's* article by Andrew Brown and Charles Arthur provided a clear explanation of the problems of censoring the Internet.

However, the article compared Internet service providers (ISPs) with BT when discussing the transmission of Internet porn, when the analogy should be with the Post Office. Pornographic material, much of it illegal in both country of origin and receipt, is also sent through the post. If the argument is that ISPs are breaking the law because they are storing this material on their computers, then so is the Post Office, which is storing the material in its sorting offices. Are the police suggesting that all mail from, say Amsterdam, should be opened and inspected for pornography? Will the Post Office be charged if illicit material is discovered?

Perhaps the argument is not about pornography at all. There must be many people who feel that the proposed censorship of the Internet is more to do with preventing the free flow of information. How many of us would like to have all our mail checked by the authorities before it arrived, if at all, through our letter boxes? Censoring the Internet would be the first step. JOHN A. URM Birmingham

Sir: Andrew Brown and Charles Arthur are quite correct in their conclusions about the risks to children on the Internet. There is a document on the Net called *Child Safety on the Highway* which gives suggestions about letting children use the Internet. These include making sure that whenever the child dines venture out on to the Net, there is a parent with him or her at the computer. This is not a question of censorship or freedom of expression; parents have to take responsibility for their children in this as in other things. RICHARD SCHMIDT London NW3

Timely ideas

Sir: Last Tuesday (17 September), in your series on the New Establishment, Peter Popham described the IPPR as "a think tank that is one of new Labour's most important sources of ideas." Today (25 September) we are "too shackled to traditional Labour positions to come up with anything new". For your newspaper a week is obviously a very long time in politics. GERALD HOLTHAM Director Institute for Public Policy Research London WC2

Pity the barman

Sir: In the debate about extending drinking hours I have seen no mention of the poor bar staff. My son was a barman for five years. When time was called for 11 o'clock, he was often there until 12 or 12.30 clearing and washing up, all for £3-£3.50 an hour. Nobody chooses to be a barman as a career. Please spare a thought for these people working at unsocial hours (social to you), including bank holidays and Christmas Day, for small recompense. STELLA DRAKE Camberley, Surrey

The awful niceness of Daddy Paddy's army



Suzanne Moore takes the seaside temperature of the Lib Dems – a party ready to do more than think the unthinkable and wear the unwearable

Before I arrived in Brighton I have to admit I had only two preconceptions about the Liberal Democrats. They are prepared to think the unthinkable and to wear the unwearable.

Beyond that I had only a vague idea of what they were for. Everyone told me that they are a decent bunch, nice people, nice as itself personified in the manly figure of Paddy Ashdown. On first impressions this was certainly true. Everyone seemed very nice. Party workers do embroidery in between making sure you haven't got a bomb in your bag. They have some super-nice MPs like Simon Hughes and some of their policies are about making the world a nicer place. You can't disagree with niceness but after a while this unrelenting niceness gets you down.

They struggle hard not to be so pleasant. Instead, they are desperate to appear honest, straight-talking, full of backbone and resolve. Well, Paddy does, at least. Others spend a lot of time moaning about how they are not going to get into bed with people who would not try and get them into bed in the first place. That must be why they make such an effort not to look attractive.

As so many of us do not know what they stand for, a lot of time is dedicated to definition. Even I cottoned on to the fact that they are not the Labour or the Tory party, but it's a confusing business. The problem with

Blair is that he is not a Liberal. The problem with Labour is that it's too Tory. The problem with the Tories is that they are what they say they are, and so must go.

The solution to all this mess is to vote for the Lib Dems, who promise to make a Labour government nicer than it would otherwise be, which is a strange kind of reason for voting.

The Lib Dems are fond of words such as plurality and diversity, insisting that there are in fact five parties: two kinds of Tories and two kinds of Labour. But what of their own diversity?

They certainly attract a lot of people with disabilities but you are not allowed to mention this and everyone gets embarrassed when you do. There didn't seem to be many young people at conference at all. I found some in the bar and asked them if there were any others. Yes, they explained, there were lots of young Lib Dems but they wouldn't be in the hall, they would too busy working at party stuff.

Obviously lots of Lib Dems are too busy to attend conference because the hall was half-empty most of the time. One guy admitted to me that he had missed the leader's speech because he was drying out from the night before. He fell asleep during the lunchtime *Neighbours* and woke up just as Paddy was finishing.

He should think himself lucky because Paddy didn't really know how to finish. The art of a good speech is surely knowing how and when to end it. Paddy

might as well have said "Well, I better be going now..."

At least the debauched Lib Dem didn't have to sit through Ashdown's dire promo that showed Paddy pushing various boats out, taking off his jacket in slow motion, dashing around the country frantically nodding at ordinary people. This is the son of *Beyond Westminster* – the video of Ashdown's book you didn't buy.

Paddy then spoke eloquently of the scourge of negative campaigning that we have imported from America. Yet that hasn't stopped him going in for dreadful Clintonesque positive campaigning in which he comes on as a cross between a Mills and Boon hero and a manager from one of those "listening" banks.

If you respond to Paddy the patriarch this is all fine. Daddy Ashdown will look after you. If Blair is your older brother who went off to college and became serious and Major is some boring relative that you have to put up with on special occasions, then Daddy Paddy is tremendously reassuring.

Yet, as always, gender is the great unmentionable of party politics. A debate about the scrapping of the Child Support Agency was conducted with no mention of the relations between men and women. But I guess that would be too nasty. I went to several fringe meetings at which all the speakers were male. They don't even bother with the token women palaver like Labour. Yet you can only

spread Emma Nicolson and her dazzling array of gold blouses so far.

The "Voices of Women" meeting soon demonstrated how far they have to go in this respect. The chair insisted on addressing members of the audience as "the lady in green" or "that lady over there".

A couple of fabulously bold women of a certain age at the back kept shouting "woman, not lady." Eventually exasperated, one of them stood up and exclaimed "I'm not a lady in red I'm a woman in banana." When the meeting ended, the scattering of men there were thanked profusely.

What for? Being men? Being liberal? The troublesome women at the back started booing and mock praying to them. What kind of Lib Dems were these, I wondered. "No, we're in the Labour Party. We're just here for a look," one of them told me. "What a load of rubbish."

En masse the Lib Dems tend to behave as a pantomime audience, booing and hissing at the mention of certain names – John Birt, *The Daily Telegraph*, Andrew Neil – and a big boo to anyone who suggests that they are not going to win the election.

Yet it's all very good-natured. I found only one person who talked about seizing power, of radical politics, of people doing

it for themselves and he was the man who was too hungover to listen to his leader's speech. Power, though, does seem to be the crux of the matter. Otherwise why bother? Several people explained to me that they didn't actually want to be "in power".

I'm all for redefining what power is and I suppose if you are in this particular party it's important to redefine what winning is. Empowerment is another word that gets bandied about a lot.

This makes good sense if you are a pressure group or involved in extra-parliamentary politics and you believe that politics is too important to be left to politicians. Yet in an arid political landscape the Lib Dems appear to want to have it both ways. Their appeal is that they can be honest and thoughtful because they are not going to govern. But at the same time they have to behave as though they might.

Their extra-parliamentary instinct has to be tempered by a more traditional rationale. The idea that while they sit secure in their own individual identity their leaders are power-broking with the Labour Party upsets them. Indeed, there is a touching kind of innocence about the way they operate. They must have a hard core of anti-spin doctors because while complaining that they don't get enough media coverage they seem unsure of what to do with it once they get it.

Charles Kennedy turning up late for a *World at One* radio dis-

cussion, surrounded by microphones and technicians, exclaimed, "Oh, is this a programme? I see." At the same discussion Vincent Hanna informed the incredulous audience that there were actually two conferences going on, the official one in the hall and the real one of press briefings that the media attended. "It is the opposite of open, frank democracy. Don't be naive about it."

Open, frank democracy, now that's something to aspire to. So I went along to a meeting to see if the Lib Dems were the sole guardians of civil liberties. Unfortunately, halfway through the talk, someone knocked on the door and said that they had booked the room. This resulted in some mumbled apologies and everyone trooped out somewhat demoralised. Are these people going to protect our civil liberties when they can't even stand up for our rights to finish a discussion in a stuffy hotel room?

Still, the task of a liberal is to protect the liberties of those you despise. That's what Paul Weller – no, disappointingly, not that Paul Weller – said during the gun debate before he was gassed down, sorry, hissed at. Mind you, he was the sort of liberal who is against seat-belts and crash helmets.

They do some nice individual turns. Alex Carlisle cruising coolly round the hall. Archie

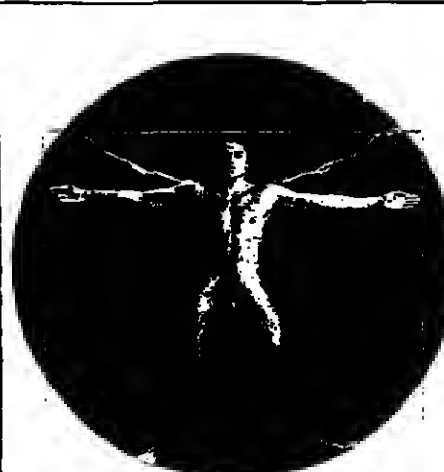
Kirkwood coming over all Bob Geldof and appealing for money – "Do it now." Someone got a prize for getting more punters into the party, which made the man behind me very grumpy. "They're bloody breeding up there – that's what they're doing." Everyone else seemed pleased that Paddy had shown his hand on Europe and taxation, that some sort of truth was being told.

Wandering around the stalls though, it was hard to feel excited. They care terribly about animals, voluntary euthanasia and promoting Eastbourne as the next conference venue. Outside a lonely man with another lost cause, Esperanto, handed out leaflets. "Esperanto," they begin helpfully, "is about things (Nouns). Esperanto is about actions (Verbs). Esperanto has words to describe things (Adjectives)."

The Lib Dems are about things and words too, but the action bit seems sadly missing. The third force of British politics may be overwhelmingly decent but feels fundamentally useless. This was brought home to me in the "Take courage for the future" conference directory. In the middle of it is a diary. It reads "Your pullout (if you like) Conference Diary." You either pull the bloody thing out or you don't. It seems very peculiar to me that one has to be instructed to do as you please. But I guess that's what Liberal Democracy is about, if you like.

IN THIS WEEKEND'S INDEPENDENT ON SUNDAY

THE SUNDAY REVIEW



THE CULTURAL REVOLUTION

Kate Winslet (right), star of *Jude* and *Sense and Sensibility*, is Hollywood's favourite young British actress. Tim de Lisle enjoys a revealing interview

Plus: the best of British hotel life, the prehistory of sex, the confessions of the McLibel Two, and Helen Fielding, Michael Bywater and Ben Finklott

and in real life

Clubbers, burn your bras! It's time to put an end to exploitation on the dance circuit. Plus: a miser's guide to Bond Street; how to deal with the colleague from Hell; and the Critics

IN THE WORLD TO COME

...will anything remain of the old certainties of Western civilisation? A major three-part series guides you through the mysteries of the new digital culture



When the master's voice wears thin ...



Miles Kingston

Who first said: "Doctor, I've got Bright's disease, and he's got mine?"

Answer: SJ Perelman. Who, when asked to define the difference between Mel Brooks and Woody Allen, said: "That's easy. Woody Allen is funny."

Answer: SJ Perelman. Who started this description of a train journey to Hollywood from New York?

"The whistle shrilled and in a moment I was chugging out of Grand Central's

dreaming spires followed by the anguished cries of relatives who would now have to go to work. I had chugged only a few feet when I realised that I had left without the train, so I had to run back and wait for it to start..."

Answer: SJ Perelman, and when I first read that, I thought it was the funniest kind of writing in the world. However, it is almost always a mistake to go back to the cherished writers of yesteryear, to the books you were in love with in the formative years, for fear they have meanwhile changed into a pile of old leaves or a handful of dust.

Some writers, I think, are foolproof. I could never get tired of Lewis Carroll or Richard Crompton, or the Sherlock Holmes stories. But other writers who you thought were equally resistant to the dry rot of time can turn out to be riddled with woodworm and death watch beetle.

It's been happening to me this week with SJ Perelman, whose book *The Swiss Family Perelman* has been read

this week on Radio 4, and as I have listened I have felt my heart sink and my laughter muscles go rusty from lack of use.

Which is extraordinary, because in my late teens and early twenties he was the writer I thought the funniest in the world and the one I most wanted to be like. People sometimes say, "Oh, Perelman – didn't he write the script for the Marx Brothers?" Well, no, he didn't. He tried one film for them, and the general agreement was that his dialogue was unsayable. It read well on the page but got no laughs when anyone said it.

I didn't know this when I first met his writing – I only knew his Penguin collection of *New Yorker* pieces, *Crazy Like a Fox*, and I knew that on the page his stuff was the cleverest and wittiest stuff in the world. After which I spent a year or two trying to imitate Perelman and another 20 or 30 trying to get out of the habit.

Because if you go down the Perelman path you end up like the Perelman of *Swiss Family Perelman*, a grumpy

old American tourist going round the world, grumbling about bureaucracy and swindling natives and deriving humour only from long or recondite words.

It's a disease that sometimes overwhelms humorists late in life. This belief that obscure or exotic words are funny. On his trip round the world Perelman uses words like "myriad" and "sustained" and "fundament" and "burgeoned" all the time. "Several bottles of Polish vodka burgeoned on the table", he writes, or "He scratched his fundament to get his circulatory system going".

No he didn't. He scratched his bottom. It isn't funny to say "fundament" instead. It isn't funny to say that bottles of vodka "burgeoned" on the table instead of "appeared" – it's just long-winded.

This, admittedly, was late-period Perelman, when he was old and tired, and needed the money, so he was just going through the motions and flagellating his prose style with big words when you expect small ones, and slang ones when you expect ordinary ones.

But I have dug out some of his early stuff again as well, and I am horrified to find that all the signs are there already, that the early Perelman was also stuffed with words such as "fraught", and "pinguid", and "sudorific" and "oleaginous" – words that pad out the prose like twisted up bits of paper at the bottom of a box of chocolates....

So is it always fatal to go back, then? Is Radio 4's message to us never to look back? Well, no, because another new programme on Radio 4 proves that sometimes you must look back.

Gerry's Bar is a series of mullings and monologues on life in Ireland by Gerry Anderson which are as rich, funny and observant as anything by Garrison Keillor or Bill Bryson or other hestellers. The man who was so cruelly betrayed by being persuaded to do *Anderson Country* has gone back to the wonderful form he showed previously on a Radio 4 series of musings on Londonderry called *Stroke City*, and shows that when he is out there on his own, he is – well, out there on his own.

كلذا من الاصل

The trouble with trying to predict the economy

Just when economists think they understand some economic relationship, it goes and changes on them. It happened this week. Two under-reported items show how economic relationships which people thought were pretty secure are no longer so.

One story was the current account figures for the second quarter of this year. They were in surplus. Now, that ought not to have happened. Exports have not been particularly wonderful, because of the near-recession in Continental Europe; imports have been rising thanks to the growing consumer demand at home. The current account was in the red during the first three months of the year and everyone thought it would stay there. But thanks to strong exports of services and investment income from abroad, it was in the black to the tune of £457m, the largest quarterly surplus for nine years.

The second story concerns growth. Most economists thought that growth had paused early this year, manufacturing was in recession, and early estimates of second-quarter growth confirmed this. Now the figures have been revised; it seems that growth was pretty good in the second quarter. Thanks again to strong services and to solid consumer demand, the economy was in fact up 2.2 per cent on a year ago.

So on two counts this week the experts - or most of them - were utterly wrong. There are many other examples of economic relationships changing so quickly that experience gives little guide to future effects. Here are another eight:

Number three concerns wage inflation. Everyone thought that if there were rapid growth in demand, and unemployment fell too fast, wage rates would start to climb. It hasn't happened. In the last three months retail sales have shot up at the fastest rate since 1988 and unemployment has continued to fall just about every month. But there has been virtually no rise in wage settlements. Of course, there may be a delayed reaction, but there is very little sign of it now.

Four follows from this. Most people thought that unemployment could not fall below about 7.5 per cent without a surge in inflation. That was the "natural" (dreadful word) rate. Well, it is down to 7.5 per cent. Maybe - we don't know - it could fall to the 5.1 per cent level of the US without a rise in inflation, maybe even below that. At any rate, the idea that unemployment needs to remain high for a generation is demonstrably wrong.

Number five is that to get new jobs you need large companies to take on more labour. They are all doing precisely the reverse: there are so many stories about job cuts that many people simply won't believe that employment is rising.



Hamish McRae

Our current account is in surplus; growth is up; wages are steady; inflation continues to fall. The economists have got it wrong again

It is true that there are some ambiguities in the figures, but the clear trend over the last two years has been a gradual rise in employment, with virtually all the new jobs coming in small firms or from self-employment.

Next, fiscal policy: tighter fiscal policy depresses the economy. Of course, it must to some extent: the big squeeze in France and Germany to meet the Maastricht criteria is clearly depressing the economies there. But the gradual tightening of fiscal policy here has not stopped the economy at all.

Things such as confidence, low interest rates and a competitive currency seem much more powerful drivers of growth. Seven concerns tax rates. The usual expectation would be that higher tax rates increase revenue. But that is not invariably so. Take income tax. In 1979, when the top rate of tax on earned income was 83 per cent, the richest 10 per cent of the country paid 11 per cent of income tax revenue. Now, with the top tax rate at 40 per cent, they pay 17 per cent. It may well be that a rise in top tax rates would cut revenue.

Number eight: investment. Popular economic wisdom holds that more investment will lead to more rapid economic growth. Again, there must be some truth in this, but Britain has tended to invest a smaller proportion of output than most other countries, and yet since about 1980 it has grown at much the same speed as other large, developed economies. In any case, in a world where capital is intellectual capital as much as (or more than) buildings and factories, maybe our measures of investment are misleading.

Number nine follows from this. We suppose that conventional education measures adequately describe quality of education. But maybe countries teach people the wrong things. The US and UK come out rather poorly on conventional measures of education, yet have the largest and second-largest get exporters of intellectual capital. Japan and Germany come out well, yet are the largest and second-largest importers. We measure conventional academic achievement; we do not measure creativity.

Finally, a rather different rule which I think has clearly been broken: that people in Britain get rich by buying houses. The experience of the last eight years has surely put paid to that.

The message is not that the old rules are useless, but simply that economies are living, evolving things of infinite fascination. We have over the last 50 years moved from a manufacturing economy to a service one, and maybe to something beyond that. We will never fully understand what is happening around us, because by the time we do, economics will have moved on again. And that is why economics is an exciting subject, at least to economists.

A Euro-sceptic? Churchill? Never

By Edward Heath



I knew Winston Churchill, I worked with him. I have read his speeches many times. He wanted a United States of Europe

During the past week, I have looked on as article after article has appeared in newspapers claiming that if he were alive today, Winston Churchill would be a Euro-sceptic.

These articles are much more revealing of the state of British journalism than they are of the views of Winston Churchill. How can these journalists write with such certainty and arrogance about the views of a man who may have been dead before they were born? How can they possibly claim to understand Churchill's thinking when they have neither the time nor the inclination to study Churchill's speeches?

The answer is, of course, that they cannot, or rather, should not. They do these things, however, because their newspapers are dancing to the Euro-sceptic tune, and the purpose of their work is to put across this particular point of view, rather than to enlighten the public. I am glad that *The Independent* is one of a few exceptions that remain committed to a more traditional and ethical form of journalism.

I knew Winston Churchill, I worked with him, I stayed with him at his home at Chartwell and I have read his speeches many times. I can assure you that Winston Churchill was no Euro-sceptic. Can anyone seriously imagine any Euro-sceptic today saying, as Churchill did in his renowned Zurich speech 50 years ago, that our task "is to re-create the European Family, or as much of it as we can, and provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe"? He looked to Britain, with others, to create it and be with it.

I readily accept that at that time Churchill did not envisage Britain being a full member of this united Europe, but in gleefully seizing upon this point, Euro-sceptics have misunderstood, or misrepresented the nature of Churchill's attitude to full British participation in Europe. This reluctance was based on circumstance; it was not opposition based on principle. And the circumstances have changed in such a way that I am sure Churchill would now favour a policy that enabled Britain to be at the heart of the European Union.

What is certain is that Churchill overestimated any of the objections that today's Euro-sceptics hold to British participation in a united

Europe. In the House of Commons debate on the Schuman Plan in June 1950, Churchill asserted: "The whole movement of the world is towards an interdependence of nations. We feel all around us the belief that it is our best hope, if independent, individual sovereignty is sacrosanct and inviolable, how is it that we are wedded to a world organisation?... How is it that we have undertaken this immense obligation for the defence of Western Europe...? It can only be justified and even tolerated because on either side of the Atlantic it is felt that interdependence is part of our faith and the means of our salvation."

It would, indeed, have been odd for Churchill to have said otherwise, for this was the same man who in June 1940, as France was succumbing to German invasion, wrote, published and proposed, with the full support of his War Cabinet, the Declaration of Union between Great Britain and France, stating: "The two governments declare that France and Great Britain shall no longer be two nations, but one Franco-British Union. The constitution of the Union will provide for joint organs of defence, foreign, financial and economic policies. Every citizen of France will enjoy immediately citizenship of Great Britain; every British subject will become a citizen of France." Unfortunately the

French were being overwhelmed by the Germans and could not respond to his proposal.

Nor did Churchill agree with today's Euro-sceptics that British participation in a united Europe would represent a betrayal of our interests and commitments outside Europe. As a man who cared passionately about the Commonwealth, Churchill thought about this matter for a long time, before expressing, in a speech at the Albert Hall in May 1947, his firm conclusion that: "We may be sure that the cause of united Europe, in which the mother country must be a prime mover, will in no way be contrary to the sentiments which join us all

together with our dominions in the august circle of the British crown."

Churchill was reluctant to embrace full British membership of the European Community only because he believed that Britain was the central pillar of a triumvirate for the maintenance of world order consisting of the Commonwealth as a unit, the United States and a united Europe.

This was a grand vision of Britain's role in the world, but Churchill recognised that it was wholly dependent on the realities of power. It could only work if the Commonwealth was a powerful political unit and if Britain could exercise significant influence over both Europe and the United States.

These conditions may have been met in the early post-war years, but the shifting distribution of power in the post-war world was always working against Churchill's vision of world order, and it was decidedly untenable by the time Harold Macmillan applied to join the European Community in 1961. Decolonisation, while landable, had robbed the Commonwealth of its political cohesion; and the United States and the European Community, blessed with rapid economic growth and confident and outward-looking political leadership, were both now far less susceptible to British influence.

In these circumstances, Britain could only continue playing the role in the world that Churchill had envisaged by joining the European Community. Churchill himself recognised this fact in a letter to his constituency chairman in August 1961, in which he declared, "I think that the Government are right to apply to join the European Economic Community."

Churchill would be the first to realise that in the world today, where an isolated Britain would be dwarfed by five great powers, the United States, Russia, China, Japan and the European Union, Britain's full participation in the European Union is vital, both for Britain and for the rest of the world.

British foreign policy has always been dedicated to the pursuit of peace, freedom and equality, ideals that Winston Churchill so eloquently and nobly advanced. The European Union represents the triumph of these ideals in Europe and offers the British government the opportunity to continue Churchill's work in advancing them throughout the world. We must grasp this opportunity with both hands.

OUR SERIES ON THE PEOPLE JOCKEYING FOR INFLUENCE IN THE LATE NINETIES

The Labour Party is superbly prepared for the job of fighting the election, but what might happen if it wins remains a bit of a blank. After nearly 18 years in opposition, Labour's front-bench experience of power is negligible. So if the party wins, the first months are bound to be a white-knuckle ride. The new government is going to find itself in desperate need of strong, steady, men of the world to see them through.

The ghost of Arnold (Lord) Goodman hovers above this series. Goodman, though never a card-carrying Labour Party member, was the arch Establishment figure behind the Labour governments of the Sixties and Seventies, because he was powerful in so many separate spheres - law, the arts, the press, business - that he could make all sorts of different things happen; and he was happy to be made use of by Harold Wilson, whether to bang heads together at the Arts Council or mediate with Ian Smith on Rhodesia. "He is a kind of universal joint," Anthony Sampson wrote in 1972, "always able to join one bit of scaffolding to another... [he] has become indispensable as an adviser and settler of disputes, cajoling, defining and settling... not only between people but between institutions." His hulking frame, bushy eyebrows and commanding growl of a voice dominated the dining tables of power year after year.

No single contemporary figure can fill Goodman's shoes, but if PM Blair is prudent he will carry in his breast pocket a list of the best equivalents, people he can scream for when the wheels come off.

Roy (Lord) Jenkins is too old (nearly 76) and dignified to gallivant as a Goodman. But as Chancellor of Oxford University, president of the Royal Society of Literature and co-president of the Royal Institute of International Affairs, not to mention his honours membership of the Athenaeum, Brooks's, Pratt's, the Reform and the Beefsteak, he is the centre left's most Establishment figure by a mile. His betrayal of the party by founding the SDP is no longer an issue. He and Blair talk regularly. The smoothest man who ever carried a card, he would be invaluable in settling City and business feuds.



THE NEW ESTABLISHMENT Day ten

The fixers
If the going gets tough for Prime Minister Blair, he'll need well-connected, heavyweight help.
By Peter Popham

Two prominent left-leaning academics, Peter Hennessy and Vernon Bogdanor, know the murky workings of the British constitution inside out, and will be ideally placed to hold Blair's hand through his first constitutional crises; both are also known at Court. Of the two, Hennessy is the better bet, because he also has many highly placed friends in the Civil Service. Dennis Stevenson, wealthy chairman of GFA, the aircraft leasing company, is

the Labour supporter who forged the party's deal with BT that was announced at last year's conference and which so alarmed the Tories. Stevenson knows everybody, helped set up the Demos think-tank and is chairman of the Tate Gallery's trustees.

All these men (no women, as ever) are approaching or over 50. Two younger figures whose brains and networking skills demand to be tapped are the lawyer Anthony Julius (pictured, left) and the Christian Socialist Chris Bryant. Julius has already distinguished himself both in law, as Princess Diana's representative in the divorce courts, and literature, with an acclaimed study of TS Eliot's anti-Semitism. A party member since his teens, he is standing for election to the executive of the Fabian Society. As a partner in the firm of Mishcon de Reya, and thus a protégé of that Goodmansque Establishment figure, the Labour peer Lord Mishcon, and expected to take his place when he eventually retires (Mishcon is 81), he could be in line for spectacular advancement.

Bryant will be Blair's spiritual adviser. Anglican priest, Hackney councillor, leading figure in and historian of the Christian Socialist Movement, which has the allegiance of 20 Labour frontbenchers, including Blair and Brown, he could have a role as the conscience of the government, walking refutation of the charge that new Labour is morally rudderless.

These are about as many names as will fit on a file card. But Blair will need another list, this one of people who may think they have a claim to Establishment status, but who should be rigorously shut out.

David Owen has yet to back a winning horse.

Ken and Barbara Follett: still the unacceptable face of Labourism. Can Ken do nothing about his hair, or his red Bentley? David Putnam, Melvyn Bragg, John Mortimer: tireless self-promoters, strongly identified with Labour, but their extraordinary attempt this month to swing the party behind fox hunting suggests deep unreliability. Post-election, they can expect rapid marginalisation. And the louder they squeal, the happier Blair will be.

Speed is in the eye of the cop

Montana is a state that feels like a country. It takes 10 hours to drive across it east to west, and six heading from the south towards Canada. Its licence plates say Big Sky Country, but they wouldn't be lying if they said Biggest Ever Sky Country.

This is the kind of place that is made for the road movie and even more so since it became the only state in America without a stated speed limit. Surrounded by panoramic horizons and faced with a long, straight and empty road, it's tempting to believe Thelma and Louise are alive, well and driving your car.

They do drive fast. And why not? For 21 years, all Americans had to put up with a federal speed limit of 55 and then 60mph. Last December, Washington finally scrapped this "conservation rule" and left it up to each state to set its own limit.

Most set 70mph for interstate highways and 60mph for state two-lanes. But Montana is not the home of the Freeman militia for nothing.

So welcome to Basic Rule country. This says you have to drive in a "reasonable and careful manner", taking account of traffic, weather, road conditions and the state of your car. In other words, rely on common sense, not your speedometer, to stay out of trouble. This is self-regulation for Everyman.

Lieutenant Janet Baker, of Billings Highway Patrol, is not sure. "The concept is good but reality is a little confusing for some. It becomes a matter of my opinion versus theirs. Often people don't think they are doing anything wrong at 95mph."

But all opinions are not equal on the verge and since Montana scrapped its declared speed limit, the number of tickets issued has doubled. So self-regulation has been a big success in one area: it has raised lots of extra cash. Spot fines range from \$70 to \$500 (£45-£325).

It has also led to an increase in what Major Steve Barry of Helena highway patrol calls "official-violator relationships". These turn out to be those unpleasant, roadside affairs we have all vowed to avoid.

Major Barry gets lot of letters requesting that Montana quit all this commonsense stuff and adopt a normal speed limit. If you go by the current actual average speed, that would be 74mph (up from 72mph under the old, 65mph speed limit).

But there is sense and nonsense. Take the motorist who was stopped last week in Big Horn County for driving at 130mph. "That's just insane," says Lt Baker. But it's not, really - if Thelma and Louise are chasing you.

Ann Treneman

MR JUSTICE SEDLEY

An article by Patricia Wynn Davies headed "New Labour is awash with lawyers, all waiting for their rewards", published on 24 September, included a passage which suggested that Sir Stephen Sedley, a judge of the High Court, is politically partisan. We accept that this is entirely untrue and express our regret at having published it. To mark our regret we have agreed to make an appropriate payment to a nominated charity.

What's the connection between Bath and Washington?



BT pays £1.1bn for foothold in France

CHRIS GODSMARK
Business Correspondent

BT's long hunt for a foothold in the huge French telephone market ended yesterday with a £1.1bn agreement with Compagnie Generale des Eaux, the giant utilities group.

The cash payment buys BT a 25 per cent stake in Cegetel, a newly formed company which aims to become the main competitor to France Telecom, the state-owned operator, when the French market is opened up to competition in 1998. It also plugs a crucial gap in BT's network of European alliances secured over the past three years, which include Germany, Spain, Italy and most recently the Netherlands.

Don Cruickshank, the telephone regulator, yesterday told BT to cut the prices of its high-speed digital ISDN services after complaints from rivals that they were anti-competitive. The new price packages, which were only introduced on Monday, cut some ISDN connection charges but increased the price of annual line rental. Customers were also offered "bundles" of free calls which competitors such as Mercury argued locked them into BT's service. Mr Cruickshank said the new price regime was "extremely disappointing" because in some cases the total cost had gone up.

In addition, BT has gained a valuable head start in France over AT&T of the US, which had been courting Compagnie Generale des Eaux (CGE) after being refused permission to take part in the alliance between France Telecom and Deutsche Telekom. The US group declined to say why the talks with CGE had failed, apart from a statement explaining that the two sides had not "been able to reach a shared vision".

Cegetel, which has been valued at £4bn, will start life as a mobile phone operator through ownership of 80 per cent of SFR, France's second largest cellular phone company in which CGE already had a large stake. SFR, which is due to become profitable in 1998, has 700,000 customers in the underdeveloped French mobile phone market.

In a complex arrangement CGE will gain a 50 per cent stake in Cegetel, with 15 per cent going to South Western Bell, the US operator, and the

remaining 10 per cent taken by Mannesmann, the German industrial group.

Sir Peter Bonfield, BT's chief executive, would not reveal how much cash the other partners had injected, but he disclosed that BT's £1.1bn injection was the largest single cash payment. BT's stake also includes the assets of BT France, which employs 100 people in Paris.

Sir Peter brushed off suggestions that BT had paid too high a price for the stake in Cegetel in its rush to find a partner in France. "We're not desperate to get into the French market... It's not short term desperation, it's long term planning," he said.

The second phase for Cegetel would be to apply for a licence to operate a fixed phone line network, offering services first to business customers and then at a later stage to higher spenders in households. Sir Peter said the ambitious long-term target was to take between 15 and 25 per cent of the total French phone market, currently the second highest in Europe and worth £15bn last year.

The drive to build a fixed network could include building Cegetel's own fibre optic cable infrastructure and the leasing of capacity from existing networks. CGE already owns a cable television network though this would not be included in Cegetel's assets. Cegetel would also take services under contract from Concert, BT's global business communications venture with its US partner, MCI.

The deal brings BT into unlikely partnership with Vodafone, its arch-rival in the UK mobile market, which owns 16.5 per cent of SFR and has an option to purchase another 3 per cent. Earlier this year Vodafone paid £300m to buy a 6.5 per cent of SFR, which effectively valued the French company at £4.6bn. This would put a value of £3.7bn on Cegetel's 80 per cent stake.

Analysts said the £1.1bn cash price was fair, given the credentials of CGE as France's leading multi-utility empire. "There's nothing outlandish about this deal at all. BT has paid the going rate to get a credible partner in France," said one leading analyst.

CGE has extensive interests in the UK, including waste management, privatised rail franchises and four local water companies.

Comment, page 19



Tony Greener, the Guinness chairman (pictured above), has promised an end to pre-Christmas promotional discounts on its Johnnie Walker whisky to Gordon's gin spirits portfolio in an effort to end the price deflation that has dogged the drinks industry throughout the 1990s, writes Tom Stevenson.

The company also said it plans a 20 per cent increase in marketing spend on its UK spirits this year to build the strength of its portfolio of brands which Mr Greener admitted had been underinvested in recent years.

In a candid recognition of the management failings that had led to Guinness's shares underperforming the market by more than a third over the past five years, Mr Greener added: "We also learn the lessons of the past - there is no question that some of the acquisitions of the early 1990s have eroded shareholder value - and some of our earlier decisions on marketing investment did not enhance brand value - for example switching investment

Guinness to end Christmas price cuts

from brand building into short-term promotions during the recession."

Speaking after Guinness reported interim profits 5 per cent higher at £357m, Mr Greener confirmed that the company had considered both an acquisition of rival spirits giant Grand Metropolitan and a demerger of the United Distillers spirits arm from the Guinness Brewing beer division. The company had concluded that neither

route would have contributed to shareholder value and Mr Greener said the emphasis would continue to be on organic growth, bolstered by heavy marketing spending. Surplus funds would be returned to shareholders, as they were earlier in the year when Guinness bought in shares worth £463m.

The market was left unmoved by the 5 per cent rise in profits and an 8 per cent increase in the interim dividend

to 4.55p. The shares closed 6p lower at 448.5p as analysts focused on a 4 per cent decline in Scotch volumes, thanks to lower shipments to the US and a loss of market share following the decision to hold firm on the selling price for Bell's whisky.

Guinness Brewing fared better with a 3 per cent increase in volumes boosted by price rises to increase sales by 7 per cent. Excluding Cruzcampo, Guinness's struggling Spanish brewer, profits rose by 9 per cent.

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Photograph: Andrew Buurman

Invesco set to merge with US fund manager

JILL TREANOR
Banking Correspondent

Invesco is poised to merge with AIM Management Group of the US in a deal which would create a fund management group with almost \$150bn (£96bn) of funds under management, and yield a \$50m windfall for the American company's founding and septuagenarian chairman.

Investors were unsettled by yesterday's announcement by Invesco, which was forced into making a statement due to strong rumours of an imminent deal in the US.

Some analysts said that Invesco, which has steadily restored credibility after falling from grace over its involvement in the Maxwell affair, might need to make a huge rights issue to fund the deal, which could cost between \$1bn and \$1.5bn (£641m to £962m).

The deal would at least double Invesco's market capitalisation of \$648bn on last night's closing price of 239p, down

4.5p. Analysts reckon that the takeover values of fund management firms lies between 2 and 3 per cent of funds under management.

Some analysts questioned the timing of a merger with AIM, particularly in the light of widespread predictions of a severe correction soon in share prices both sides of the Atlantic.

Invesco already has 60 per cent of its funds invested in the US, which has seen share prices rocket more than 50 per cent in the last 18 months. "The deal would leave Invesco even more relatively exposed to the US stock market and we're fairly nervous about things there," said one analyst.

However, analysts said there was no doubting AIM's strong reputation in the US - illustrated by the fact that when one of its key funds was re-opened to investors last year more than \$1bn of money flooded the fund in just two days.

Invesco, which manages £57bn of funds, declined to go into specific details about the

talks with AIM, which it is one of America's fastest growing fund groups and manages \$54bn of funds. "No definitive announcement has been reached and a further announcement will be made in due course," a spokesman for Invesco said.

If the merger is agreed it could net \$50m for Charles Bauer, AIM's 77-year-old chairman, who owns around 5 per cent of the fund management firm he set up 20 years ago. The remainder of AIM's unlisted stock is tightly held, and a key 27 per cent stake is owned by TA Associates, a US venture capital firm.

Several analysts suggested that Invesco could avoid a cash call by making a straight issue of shares to AIM's investors. They believed that Invesco would want to end up with 65 per cent of the equity of the enlarged group.

However, some said that Invesco would be lucky to get away with an all-paper offer because TA Associates would probably want straight cash for its holding.

Alan Smith makes way at Jardine Fleming

JILL TREANOR
Banking Correspondent

Alan Smith has quit as chairman of Jardine Fleming, the Asian bank whose fund management arm was hit by scandal last month. He had been with the bank, which yesterday announced a radical shake-up of its top management, for 24 years.

Jardine Fleming insisted Mr Smith, 53, had decided to retire despite speculation that he was paying the price for an embarrassing £700,000 fine from Imro, the investment regulator, last month.

Imro also revoked the licence of Jardine Fleming Asset Management after discovering Col- in Armstrong, a Hong Kong based fund manager, had been benefiting personally from deals he executed for clients.

The scandal, which cost Jardine Fleming \$19.3m in compensation to clients, had already caused casualties in high reaches of the organisation. Robert Thomas, the managing director of Jardine Fleming Asset Management, lost his vital registration with Imro and yesterday resigned as a director.

John Manser, chief executive of Robert Fleming, the merchant bank which is a joint partner in Jardine Fleming, acknowledged the fund management firm's reputation had been damaged.

"Clients have shown some anxieties. We had an extensive programme of calling on clients and stating precisely the circumstances," Mr Manser said.

Jardine Matheson is the other partner in Jardine Fleming. The move to revamp the management structure and create a new supervisory board headed by Alasdair Morrison, managing director of Jardine Matheson, is seen as a response to the incident. "It's about building confidence from your clients," said one banking source.

But Mr Manser said the



Alan Smith: Speculation that departure linked with Imro fine

move was also a recognition of the changing requirements of international regulators. "Increasingly regulators worldwide are looking through parent companies to their associates and their subsidiaries," Mr Manser said.

"If you're being held responsible for the action of another company you're going to have to be pretty certain they are being run in accordance with your wishes," he added.

This trend was prompted by the collapse of Barings last year when Nick Leeson, a trader based in Singapore, was responsible for bringing down the bank while most of his managers were based in London.

Mr Manser will sit on Jardine Fleming's supervisory board, which will meet quarterly. Peter Jamieson, William Garrett and Paul Bateman will also represent Robert Fleming on the

board, while Mr Morrison will be joined by Christopher Cowan, Greg Terry and Rodney Leach.

Henry Sirrit, managing director of Jardine Fleming, will also sit on the supervisory board, along with Tim Freshwater, who recently joined from Slaughter & May, the London law firm.

Jardine Fleming is also setting up a new role of head of investment banking for China, which offers opportunities for "substantive growth", Mr Manser said.

It has hired Patrick Sun from SBC Warburg to take on the job. Mr Manser said Jardine Fleming contributed around 30 to 45 per cent of Robert Fleming's earnings. Robert Fleming's half year ends at the end of the month, and Mr Manser confirmed that the signs were pointing to profits above last year's.

AEA shares roar up to 323p

MICHAEL HARRISON

The Government's sale of the nuclear industry ran into fresh controversy yesterday after shares in AEA Technology, the last state asset to be sold before the election, raced to a 15 per cent premium on the first day of dealing.

The shares ended the day at 323.5p, compared with their offer price of 280p, valuing the company at £3.77m - some £33m more than the Government raised from the flotation. A total of 20 million shares changed hands and at one stage they were trading at 332p.

The spectacular rise in the share price brought back memories of the Government's first staid at privatisation in 1982

when Amersham International, another spin-off from the Atomic Energy Authority, soared to a 37 per cent premium after being underpriced.

Peter Watson, AEA Technology's chief executive, rejected suggestions the company had been sold too cheaply.

When the process started there was a lot of uncertainty over how to value us," he said.

The Government originally set the price range at 230-270p but increased this to 240-280p when it became obvious that demand would be heavy.

The offer to intermediaries - brokers through whom private investors had to apply for their shares - was six times oversubscribed. The average allocation was set at a fifth of the

number of shares applied for while large applications were capped at £7.5m.

AEA Technology, the engineering and consultancy arm of the Atomic Energy Authority, employs just over 3,000.

The company made profits of £16m last year on sales of £266m and is forecast to increase profits this year to about £22m. That put the shares, at the offer price, on an earnings multiple of 14.5.

Mr Watson ran into controversy over an earlier privatisation of the train leasing company Porterbrook, in which he stands to make a £4m profit, following its proposed sale to the bus group, Stagecoach, just nine months after it was sold by the Government.

Fiat takes New Holland to US for \$4bn flotation

MICHAEL HARRISON

New Holland, the British-based tractor manufacturer owned by Fiat of Italy, is to be floated on the US market this autumn in a deal likely to value the business at about \$4bn.

Fiat, which formed the company in 1991 after taking over Ford's tractor business based at Basildon, Essex, plans to sell off 30-40 per cent of the company and list the shares on the New York Stock Exchange.

New Holland employs 19,000 people, of whom 2,400 are in Britain. In addition to a manufacturing site at Basildon, it has its headquarters in Brentford, west London.

There are a further 17 manufacturing plants in Europe, the US and Asia, while New Holland has a 5,600-strong worldwide dealer network. It is the biggest tractor maker in Europe and the third highest in the US after John Deere and Case.

The share offer, being led by the US investment bank Goldman Sachs and Italy's Mediobanca, is expected to take place in November. The US Securities and Exchange Commission is expected to be notified in the next few days.

New Holland made profits of \$258m on sales of \$5bn in 1995 and yesterday announced revenues of \$2.88bn for the first six months of this year.

STOCK MARKETS									
FT-SE 100		Dow Jones		Nikkei		HSE		Hang Kong	
4000	1170	2200	2200	2200	2200	2200	2200	2200	2200
3500	1000	1900	1900	1900	1900	1900	1900	1900	1900
3000	800	1600	1600	1600	1600	1600	1600	1600	1600
2500	600	1300	1300	1300	1300	1300	1300	1300	1300
2000	400	1000	1000	1000	1000	1000	1000	1000	1000
1500	200	800	800	800	800	800	800	800	800
1000	100	400	400	400	400	400	400	400	400
500	50	200	200	200	200	200	200	200	200
0	0	0	0	0	0	0	0	0	0

INTEREST RATES									
Short sterling		UK medium gilt		US long bond		Money Market Rates		Bond Yields	
10	10	10	10	10	10	1 Month	1 Year	Medium Bond (5)	Long Bond (30)
5.51	6.25	7.68	8.13	7.80	8.22	5.51	6.25	7.68	8.13
5.41	6.06	6.62	7.28	6.89	6.59	5.41	6.06	6.62	7.28
0.41	0.63	2.85	2.71			0.41	0.63	2.85	2.71
3.09	3.25	6.06	6.66	6.86		3.09	3.25	6.06	6.66

CURRENCIES									
Pound vs.		Dollar vs.		Other Indicators		Oil Brent		Gold	
£/US	1.5645	US/£	0.6392	Oil	23.11	Gold	380.90	Oil	23.11
£/DM	1.5645	DM/£	0.6392	Gold	380.90	Oil	23.11	Gold	380.90
£/Y	1.5645	Y/£	0.6392	Oil	23.11	Gold	380.90	Oil	23.11

Northern Rock to sell Guardian insurance

NIC CICUTTI

The strengthening of trading links between building societies and insurance companies took another step forward yesterday with the announcement of a joint venture between Northern Rock and Guardian Royal Exchange.

Northern Rock, one of the UK's top 10 building societies, aims to sell up to £65m worth of Guardian's general insurance premiums.

which aims to reach some 190,000 of its 1.4 million members within the first year. The deal follows similar moves with the Woolwich, Halifax and Alliance & Leicester societies.

David Baker, executive director of Northern Rock, said: "Our customers can look forward to the development of a range of modern, competitive products."

Alan Thompson, managing director of Guardian Insurance, said Guardian would continue to underwrite insurance premium levels at more commercially realistic levels.

BT pays a high price to freeze out its US rival

COMMENT

Most observers, and indeed BT itself, had not expected the missing French piece of the jigsaw to be filled in until some time next year. But the whole process of alliance building has been tackled with speed.

On the face of it, BT is paying a fancy price to complete the network of telecom alliances it has been seeking to build across Europe for the past three years. Sir Iain Vallance yesterday coughed up £1.1bn in cash for a 25 per cent stake in a joint venture with the French group Compagnie Generale des Eaux whose main asset is a loss-making mobile phone operator.

In truth the prize is much greater than that. By securing the CGE deal BT has frozen out its most potent competitor, AT&T of America, from the French market and ensured that it is in prime position to become the main competitor to France Telecom when European telecom markets are liberalised in 1998.

In theory, deregulation should mean a free-for-all in telecoms. In reality, the markets, particularly those in southern Europe, are likely to be carved up between duopolies.

The key to success, then, is to sign up the right partner. In France, CGE, with its existing mobile phone operation and its clout as a giant integrated utilities group, was the partner everyone was courting.

BT's success in being up a deal will not only frustrate AT&T. It will also come as a blow to the alliance of Dutch, Swiss, Spanish and Swedish telecom operators riding along on AT&T's coat tails.

The agreement with CGE was reached in remarkably short time. Most observers, and indeed BT itself, had not expected the missing French piece of the jigsaw to be filled in until some time next year. But the whole

process of alliance building has been tackled with speed. In the three years since BT formed its \$1bn alliance with MCI, the second largest carrier in the US, it has developed further alliances in Spain, Germany, Italy, Sweden, the Netherlands, New Zealand, Japan and India.

In most cases it has selected its partnerships well. In Italy, it has paired up with Mediastel, the communications group run by former prime minister Silvio Berlusconi. In Germany its partners are Viag and RWE, two industrial groupings with a presence in the telecom market. In the Netherlands, it is allied with the national rail operator. The alliance with CGE may be the most expensive yet but the value to BT will surely lie in having seen off the bigger threat across the Atlantic.

Tourism grows as industry shrinks

On a day when Britain's visible trade deficit slipped a further £1.2bn into the red, it might seem gratuitous to remind the country's manufacturing sector that tourism is one of our best export earners.

Last year 24 million overseas visitors came to Britain and spent nearly £12bn. This was an increase of 20 per cent on the previous year. Inbound tourism is growing at three times the average world rate.

True, we are still running an overall deficit in tourism but it is less than a third the size

of the trade gap in goods. Moreover, Britain is well on the way to capturing 6 per cent of the world tourism market by the turn of the decade compared with 4.4 per cent in 1994. Our share of world trade in manufactured goods, by contrast, continues to shrink.

What is it about Britain that is attracting all these folk? Bristop and the sudden mass appeal of Jane Austen? Surely not. Oasis and Mr Darcy do not explain why the number of visitors from Taiwan rose almost threefold last year.

The cheap currency visitors from abroad discover when they land at Heathrow or emerge from the Channel Tunnel is undoubtedly a powerful magnet. Between 1994 and 1995 sterling depreciated by 5 per cent against a basket of currencies and considerably more so against the franc and the mark. That helps explain why nearly two-thirds of all overseas visitors came from Europe.

But advantageous exchange rates ought to provide the same stimulus to exporters of manufactured goods.

It is fashionable to denigrate tourism and the McJobs it creates. But not all the 1.7 million people who make a living out of it in Britain are dispensing ice creams at Alton Towers. Tourism is also a remarkably cheap way of creating jobs at relatively little expense to the public purse. The British Tourist Authority reckons that for each of the 30,000 jobs it created last year, the cost to the taxpayer was £1,000. Its numbers are probably a bit self-serving but the cost per job is

undoubtedly a fraction of the sums lavished by governments of all hues on dubious manufacturing projects.

It might be a little depressing to picture a Britain preserved in aspic and turned into a giant theme park as its manufacturing prowess disappears. But the Chancellor should bear in mind tourism's contribution to the economy when other less deserving causes come knocking on his door for handouts.

NAPF rushes to the defence of the City

It must have been the perceived threat from Labour that turned much of yesterday's corporate governance policy document from the National Association of Pension Funds into a diatribe against critics of City institutions.

For those intellectual masochists fascinated by the largely circular arguments about short-termism and its effects on British industry, there is plenty of meat here, with a robust defence against the charge that the institutions are always churning shares and demanding excessive dividends that undermine capital investment. The NAPF even offers open encouragement to members to accept lower underwriting fees for rights issues, perhaps with a sliding scale depending on the discount and the quality of the company. Fund managers are beginning to realise that the gravy train of fixed 1.25 per cent underwriting commissions is running into the buffers.

But although some of the short termism arguments are tedious in the extreme, attacking the symptoms of low capital investment rather than the causes, the debate is still a live one inside the Labour Party and has been a driving force behind the development of interventionist policies on corporate governance.

Some of the most senior Labour front bench spokesmen are privately scornful of the outpourings of Will Hutton, editor of the *Observer* and author of *The State We're In*, who believes many of British industry's problems can be blamed on the financial system and on institutional investors in particular.

But frontbenchers are forced to admit that these notions have struck a tremendous chord in the Labour Party and cannot be ignored in policy making. The NAPF's decision to hold its own fringe meeting at the Labour conference shows it also appreciates this.

A pity, then, that the NAPF cannot give more detailed guidance on some of the micro issues that are still bothering many shareholders and boards of directors. For example, what exactly is an acceptable long term incentive plan for directors, as recommended by the Greenbury report? Despite all that has been written, there are no clear benchmarks. Some directors are determined to abuse the system but the rest are rather confused. The NAPF, while insisting on the general point that performance targets should be realistic, thinks the detail is a matter for individual members and the companies they invest in. That is just passing the buck.

IMF guarantees to cut debt burden of poor nations

DIANE COYLE
Washington

Plans to reduce the burden of debt repayments on some of the world's poorest nations would go ahead as soon as possible, the International Monetary Fund said yesterday. Michel Camdessus, the IMF's managing director, said: "This is a done deal. There is a strong desire to go ahead with one of the most promising initiatives the IMF, together with the World Bank, has ever seen."

Despite Mr Camdessus's confidence, there was still uncertainty yesterday about how the initiative will be financed. According to the IMF, a four-year gap in the funds available for its contribution, a hole of about \$1.8bn from 2000 to 2004, will be met partly by additional contributions from individual member countries.

If that proved insufficient, the IMF would consider selling 5 million ounces of its gold reserves and using the interest revenues on investment of the profits.

However, Robert Rubin, the US Treasury secretary, said the Administration would only discuss an additional American contribution if the gold sale went ahead. "At the time a de-

cision is made to sell gold, we would be prepared to discuss with Congress the possibility of making a bilateral contribution," he said.

Germany and Switzerland have been steadfastly opposed to the sale of any of the IMF's gold reserves. Mr Rubin said the US supported proposals for the Paris Club - the individual governments owed money by developing countries - to increase its contribution to debt relief by writing off up to 80 per cent of debt owed, up from the current 67 per cent concession.

Subject to negotiations, the IMF and World Bank are likely to contribute about \$2bn each to the initiative, with the balance coming from the Paris Club members. Never the less, all parties to the initiative agreed that financing details would be ironed out during next week's annual meeting of the IMF and World Bank.

The amount involved in the initiative is relatively small. It will relieve the debt burden by between \$5.6bn and \$7.7bn (\$3.59bn to \$4.94bn) for around 20 countries with a record of sound economic policies whose interest payments will always exceed their likely export earnings without some assistance.

The aid charities welcomed yesterday's announcements, but said the amount of relief was not enough. Oxfam spokesman Justin Forsyth said: "This could be the only break that some of the poorest countries get."

Oxfam unveiled figures showing that the proposals would save Uganda, one of the likely beneficiaries, about \$80m a year for three years. Although a small amount of money, it would pay for improved health care, sanitation and teaching materials for millions of people.

However, Mozambique, another candidate for the extra assistance, has estimated that it will trim its annual interest payments from \$191m in 1997 to about \$172m in 2004, a saving of only \$19m a year which would leave interest payments at more than twice their 1990-1995 average.

Mr Camdessus also confirmed yesterday that the IMF would seek an increase in its financial resources through an increase in member countries' quotas, which would preferably be doubled to nearly \$390bn.

In parallel, the IMF is to discuss allocating Special Drawing Rights - holdings of its own currency - to countries which have become members since the last allocation in 1981.



Confident front: Michel Camdessus says the initiative is a done deal, although the finer details will not be finalised until next week

Concern over corruption in Third World

James Wolfensohn, president of the World Bank, is to stress the importance of tackling corruption in Third-World countries in his speech at its annual meeting next week, writes Diane Coyle.

The need to create the right environment for investment by the private sector, of which eliminating bribery and patronage is one element, is a key theme in the bank's annual re-

port, published yesterday. Gautam Kaji, managing director for operations, said the bank was being reshaped to work with a growing array of groups rather than just governments.

"It is a broader, more participatory approach," he said. "Development must be private-sector led."

The report points out that private sector capital flows to de-

veloping countries set a record of about \$170bn (£109bn) in 1995, up from \$44bn in 1990. So important does the bank believe private capital to be that it set up a group of senior managers last year to co-ordinate a new private sector development strategy.

One early sign of its activities is that the annual report talks of "products" and "clients" for

the first time. The bank is also making great play of the fact that it is hosting, for the second year running, a series of seminars for businesses interested in investing in developing countries in parallel with the official annual meeting. Speakers this year include Sir David Simon, chairman of BP, and Percy Barnevik, chief executive of engineering giant ABB.

The World Bank's own lending was a record \$19bn in the latest financial year. There had been a particularly big increase in lending for health and education, areas in which there was no private sector investment. The experience of South-east Asia had shown, however, that high levels of investment in people were essential for growth.

IN BRIEF

• **OmniMedia** saw its shares crash 15.5p to 18.5p yesterday after warning that the loss for this year would be "in line with that reported in 1995," when the deficit was £1.02m. The main problem came after the MultiMedia music division's CD-ROM "pop videos" featuring the singer Sade flopped outside Japan. Elsewhere, the sales of the "authoring tools division", which sells kits allowing people to make their own video CD-ROMs, have not met expectations and there have been problems with distribution of children's CD-ROMs, including the best-selling "Greatest Toyshop on Earth". The group reported losses increased from £279,000 to £671,000 in the half year to June, but a spokesman said that, with net cash of £2.29m, the company "was not going bust."

• **Customs and Excise** joined with the Building Employers Confederation to launch a comprehensive crack-down on "VAT cheats" in the building industry. The project forms part of a wider shadow economy project that is aiming to collect an additional £75m in value added tax over the next two years.

• **Chief executives in UK manufacturing companies** are seeing their total pay fall behind their US and Canadian counterparts, according to a survey by UK-based remuneration advisers Monks Partnership and The Conference Board. The report found UK chief executives were paid £320,000 a year, compared with £329,000 for those in Canada and £476,000 for those in the United States. Other directors were worse off than their US counterparts, but marginally better off than those in Canada.

• **The unprecedented management buyout boom** of the last two years appears to be running out of steam, according to figures from accountants KPMG. The value of deals finalised in the last quarter fell to £82bn, the lowest total since the beginning of 1995.

• **Asda is to withdraw packs of Alka Seltzer** from its 207 stores after losing a high court battle with the product's manufacturer, Bayer. The supermarket group was told that it had to comply with Bayer's plans to raise prices of Alka Seltzer by 10 per cent. Asda's counsel Nick Cooper said: "We do not believe a price increase of five times the rate of inflation can be justified. We would rather not stock the product than pass on such a price increase to consumers." Asda's refusal to comply with the price increase is part of its long-running battle against re-sale price maintenance. The OFT is due to report on the issue soon.

• **Orders for durable goods in the US** fell 3.1 per cent in August, marking the largest decrease since a 3.4 per cent drop in April 1995. It is also the third drop in durable goods orders in the last five months, and compares with a consensus forecast of Wall Street economists of a fall of just 0.1 per cent. Separately, initial claims for regular state unemployment benefits rose 11,600 to a seasonally adjusted 340,000 for the week ended 21 September from 329,000 the previous week. This is the highest level of weekly jobless claims since mid-July.

• **Barbara Roche, shadow minister for small firms**, told members of the Institute of Chartered Accountants that a Labour government would help such businesses by reviewing self-assessment tax and possibly enhancing the role of the one-stop advice centre known as Business Links.

Labour criticised over corporate governance

PETER RODGERS
Financial Editor

The National Association of Pension Funds, whose members control £350bn worth of investments, yesterday launched a broadside against Labour proposals for reforming the way companies are run.

In a wide-ranging policy statement on corporate governance published ahead of a fringe meeting it will hold at the Labour party conference next week, the NAPF rejected Labour plans for a standing commission on corporate governance and said suggestions for compulsory voting by institutions at company meetings would create more problems than they solved.

The NAPF also dismissed the concept of stakeholding, which holds that directors are accountable to wider interests such as employees, customers and suppliers. It said that although companies must be "sensitive" to these groups,

shareholders' interests should be paramount.

But the funds' statement of corporate governance policy proposed a tightening of some guidelines for company directors, including golden handshakes. The document proposes that compensation should be phased so that it is paid over a period and stopped when the recipients find new jobs.

The NAPF also demanded more realistic targets for executive bonus and incentive schemes, following complaints about the excessive generosity of long-term bonus plans.

Asked whether Labour policy on corporate governance was a danger to business, Ann Robinson, NAPF director, described it as "at best irrelevant".

She believed the overriding need for companies was macro-economic stability. The NAPF hoped Alistair Darling, the Labour Treasury spokesman who is to address the conference fringe meeting, would reiterate that. "It is almost impossible to

get good corporate governance if you have stop go [policies]," Mrs Robinson said.

She said Labour's proposal for a standing commission on corporate governance would produce yet another unnecessary bureaucratic machine, and there was no need for it, since a corporate governance review committee begins to take evidence next month.

The NAPF said good corporate governance should be aimed at improving the performance of UK companies over the long term and should not be a "box ticking exercise," that checks companies' conformity with rulebooks.

The document attacked the view that pension funds have a damagingly short-termist investment outlook and that they demand excessive dividends that damage investment. It said funds' average period for holding shares was eight years, and rejected claims that members' fees for underwriting new capital issues were excessive.

Trade gap widens to £1.2bn

CHRIS GODSMARK
Business Correspondent

Britain's trade gap with the rest of the world slipped further into the red in July, according to official figures released yesterday. The deficit in goods, which excludes invisible earnings such as investment income, was £1.2bn, compared with £1.1bn in June.

However the figures suggested the pattern of UK trade was shifting. Smaller deficits were recorded over the past two months with non-EU countries, which account for around 40 per cent of UK exports. The Office for National Statistics said the trade gap with countries outside the EU shrank from £700m to £500m in August, the lowest since last November.

Britain's total exports to the rest of the world in July rose 0.5 per cent to £13.8bn. The improvement came from a 2.5 per cent increase in non-EU exports while exports to EU economies fell by 1 per cent. Total imports in July rose by 1 per cent to £15bn, with a 2.5 per cent increase in imports from EU countries and a 1 per cent fall from non-EU countries.

July's deficit was slightly higher than that predicted by City economists, though Kevin Darlington, from stockbrokers Hoare Govett, said the figures showed the recovery had not led to a massive surge in imports.

"We are heading for a current account deficit this year of less than 1 per cent of the UK's gross domestic product, which can be readily financed. In the late Eighties, at its worst, the deficit hit 4 per cent of GDP," he said.

InterCapital fund manager banned

PATRICK TOOHER

Imro, the investment watchdog, yesterday banned a fund manager for "knowingly and deliberately" overvaluing warrants held by a fund managed by InterCapital Asset Management.

Geoffrey de Siebert, a former chief executive of InterCapital, was found by Imro not to have exercised "the integrity of a registered individual" when he inflated the value of the warrants between April 1994 and March 1995. His ban is one of only a handful ever meted out by Imro

and is seen as a sign of the regulator's increasingly hard-line policy towards code violations.

Imro said the effect of Mr de Siebert's actions was to overvalue one of InterCapital's funds by up to £9.7m, or 25 per cent of the fund's correct valuation. Investors were disadvantaged because the fund's performance appeared better than it was.

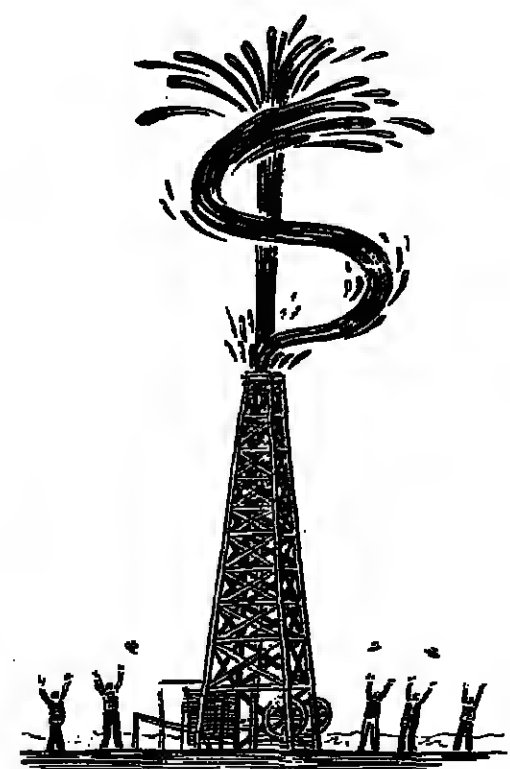
Imro also found that Mr de Siebert had undertaken foreign contract positions between July 1994 and December 1994 for speculative purposes on be-

half of the fund, breaching its articles of association. At the end of 1994, the fund held forward foreign exchange contracts worth £53.2m, again in breach of InterCapital's articles.

"Imro does not consider Mr de Siebert to be fit and proper to act as a registered individual," the regulator concluded. Mr de Siebert was ordered pay Imro's costs of £5,000.

Separately, Imro fined Newton Investment Management £85,000 for breaches of rules relating to overdrafts on client money accounts.

What's the connection between Dallas and Deal?



market report / shares

DATA BANK

FTSE 100
3933.2 -2.5

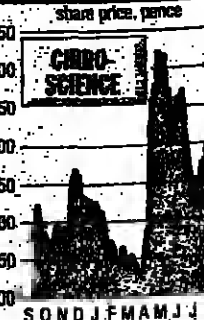
FTSE 250
4404.9 +1.8

FTSE 350
1963.0 -0.9

SEAQ VOLUME
635.9m shares,
35,871 bargains

Gifts Index
93.74 +0.47

SHARE SPOTLIGHT



City tour fails to restore Matthew Clark's sparkle

Few shares have suffered such a dramatic fall as Matthew Clark, the drinks group. In June they were riding at just above 800p, yesterday they closed at 306.5p with one market maker, Kleinwort Benson, offering a spread of 293p to 308p.

In the past two weeks chief executive Peter Aikens and his team have been touring institutional shareholders in what appears to have been a vain bid to shore up the group's image following a shock profit warning at the yearly shareholders meeting.

Chairman Michael Cotterell revealed the group had been hit by the alcopop revolution and profits would suffer "materially"; in two days the shares were crushed an astonishing 314.5p.

Worryingly they have, albeit more gently, continued to fall. At 306.5p, off 24p, they are at their lowest for four years. It

would seem, therefore, that the Aikens blitz has failed to impress institutions; the joke is Mr Aikens walks in and a few shares walk out.

Matthew Clark is a narrow market and big investors have, after the initial deluge, kept their selling to a minimum to prevent another rout.

Under Mr Aikens, the cider group has grown rapidly through acquisitions and rights issues. The company has a much higher institutional presence than many others of a similar size.

There is talk Matthew Clark, the country's second largest cider maker, may be forced into a rescue deal. Guinness, which produced slightly better than expected interim profits, is one name in the frame. Its shares fell 6p to 448.5p. HP Bulmer, the Woodpecker cider group, lost 19p to 486p.

The rest of the stock market

MARKET REPORT

DEREK PAIN

Stock market reporter
of the year

had an uneven session with New York strength largely ignored. The FTSE 100 index ended 2.5 points lower at 3,933.2.

Granada was an uncertain market, off 7p at 851.5p. The shares have fallen from 887.5p on Tuesday when it held meetings with analysts. One theory is the long mooted bid for Yorkshire-Tyne Television, where Granada nudges 27 per cent, is likely to materialise soon. Two Granada for every one Yorkshire, up 2.5p to 1.160p in brisk trading, is the story.

Chiroscience, the drugs group, rallied 21p to 391.5p. The shares were once above

500p. There is talk of a Glaxo Wellcome bid, or at least a trading pact which could involve Glaxo buying a stake in its smaller rival.

AEA Technology, the latest and probably last privatisation give-away, was the day's star turn. Shares of the former Atomic Energy Authority were floated at the top end of the range, 280p, and then surged to 328.5p, settling at 323.5p. As stockbroker Greig Middleton says "AEA offers a superb opportunity to invest in a high tech consultancy service with almost no parallel in the investment world."

Railtrack, which also could argue it is a unique investment,

enjoyed the satisfaction of hitting 300p against the 190p private investors paid in the spring. Brunner Mond, one of the original parts of Imperial Chemical Industries, failed to join the new issue spree. Against a 175p placing it finished at 170.5p.

Great Universal Stores had another run, up a further 10.5p to 646p. It is still under the influence of ABN Amro Hoare Govett support but there is a nagging suspicion that, just perhaps, the long awaited reshaping could be underway. One idea is the successful Burberry operation is near to being floated. Another is a deal with Next following the arrival as chairman of Lord Woolfson of Sumatrade.

More buy advice for P&O nudged the shares 8p higher to 603p and Royal Bank of Scotland continued to benefit from Pannure Gordoo support, up 9.5p at 493.5p.

Dixons, nagged by worries over its exposure to warranties, fell 9p to 523.5p. Standard Life selling, dropping its stake to 4.82 per cent, did not help sentiment.

Kwik Save, the discount, had another torrid session falling 29p to 512.5p and SR Gent, a clothing supplier to Marks & Spencer, lost 24.5p to 35.5p as it opened talks with its bankers.

Huntleigh Technology, a health group, tumbled 115p to 762.5p following a disappointing profit advance and a cautious trading statement. A profit warning from Omni-Media left the shares 15.5p lower at 18.5p and Trinity Holdings, the fire engines group, reversed 56p to 367.5p after uninspiring figures.

More O'Reilly, the advertising group soon to be merely the More Group, slipped 18.5p to 650p.5 as UBS placed around one million shares at 651p.

TAKING STOCK

Creighton's Naturally, a fragrance and soap group, gained to 8p to 62p. Company director John Carr has moved in with a 10.7 per cent interest acquired at 23p. Chairman Richard Collard has quit after a profit warning. The shares were 155p last year.

Revelation Piccadilly, a luggage and gifts retailer, should increase profits from £51,000 to £245,000 this year with £394,000 next, says independent analyst Roger Hardman. He rates the shares of what he calls a "small group with big ideas" as worthy of attention; they are 4.75p.

Brumcliffe Aggregates held at 22.5p. Its long-running dispute with shareholders with approaching 30 per cent of the capital rumbles on. Interim profits are down to £601,000 (£860,000) but around £2m (£1.4m) is likely for the year.

Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items. Other details: Ex rights = Ex dividend & Ex all UK Unlisted Securities Market & Suspended on Parly Paid pm. Paid Shares & AM Stock. Source: FT Information.

The Independent Index

The index allows you to access real-time share prices by phone from Seaq. Simply dial 0801 123 333, follow the prompts and the 4-digit code printed next to each share. To access the latest financial reports dial 0801 1233 followed by one of the two-digit codes below.

FTSE 100 - Real-time	01	Starting Rates	04	Privatisation Issues	36
UK Stock Market Report	02	Bullion Report	05	Water Shares	39
UK Company News	03	Wall St Report	20	Electricity Shares	40
Foreign Exchange	06	Tokyo Market	21	High Street Banks	41

Market leaders: Top 20 volumes

Stock	Volume	Stock	Volume	Stock	Volume
Harrods	370,000	Debenhams	70,000	Next	60,000
ASDA Group	100,000	BT	60,000	British Gas	40,000
BT	80,000	British Steel	60,000	Card Met	40,000
Wm Morrison	70,000	App Magna	60,000	Fluor	40,000
Comet Group	70,000	Guinness	50,000	BP	30,000

FTSE 100 Index hour by hour	14.00	15.00	16.00	17.00
Open	3933.2	3933.2	3933.2	3933.2
High	3933.2	3933.2	3933.2	3933.2
Low	3933.2	3933.2	3933.2	3933.2
Close	3933.2	3933.2	3933.2	3933.2

High Low Stock

High	Low	Stock	High	Low	Stock
14.00	15.00	Harrods	14.00	15.00	Debenhams
15.00	16.00	Next	15.00	16.00	British Gas
16.00	17.00	Card Met	16.00	17.00	Fluor
17.00	18.00	BP	17.00	18.00	Guinness

Low High Stock

Low	High	Stock	Low	High	Stock
14.00	15.00	Harrods	14.00	15.00	Debenhams
15.00	16.00	Next	15.00	16.00	British Gas
16.00	17.00	Card Met	16.00	17.00	Fluor
17.00	18.00	BP	17.00	18.00	Guinness

Telecommunications

Stock	Price	Stock	Price	Stock	Price
BT	60.00	British Telecom	60.00	Telecom	60.00
BT	60.00	British Telecom	60.00	Telecom	60.00
BT	60.00	British Telecom	60.00	Telecom	60.00
BT	60.00	British Telecom	60.00	Telecom	60.00

Textiles & Apparel

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Retailers, Food

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Pharmaceuticals

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Other Financial

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Printing & Paper

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Retailers, General

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Support Services

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Transport

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Water

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Rights Issues

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Recent Issues

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Government Securities

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Index-linked

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Shorts

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Mediums

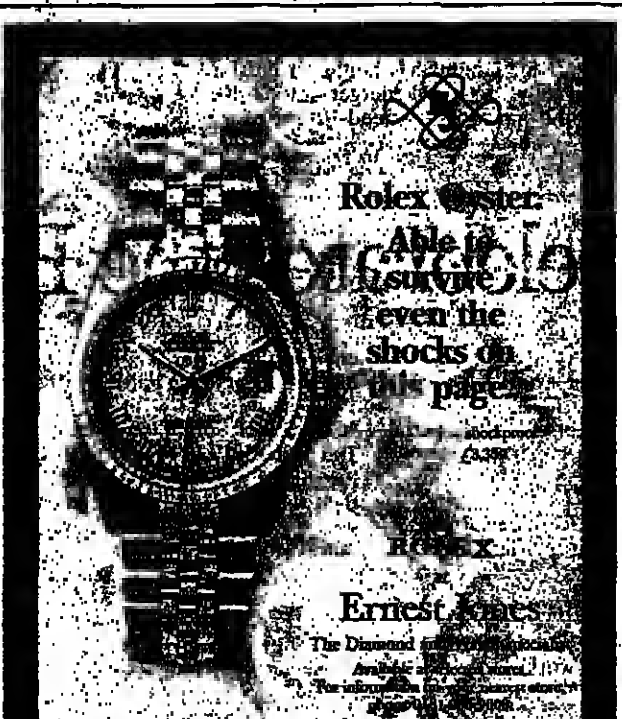
Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Longs

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00

Undated

Stock	Price	Stock	Price	Stock	Price
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00
Next	60.00	Debenhams	60.00	Harrods	60.00



Pharmaceuticals

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Other Financial

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Printing & Paper

Stock	Price	Stock	Price	Stock	Price
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00
Glaxo	60.00	Wellcome	60.00	Astra	60.00

Retailers, General

Stock

SR Gent seeks refinancing as it closes retail stores

NIGEL COPE

SR Gent, the Marks & Spencer clothing supplier, is in crisis talks with its bankers after the company announced it would be taking a £14m provision to withdraw from its retail operations. The Barnsley-based group is closing its eight Clothing Barn stores as a result of poor sales and margins to concentrate on its M&S business which accounts for 90 per cent of its sales. The news precipitated a 41 per cent collapse in SR Gent's shares to 35.5p. The company's own valued at just £13m and is considered a takeover target unless refinancing can be arranged. The existing management, chairman Peter Wolff and chief executive Mike Stokell, are likely to hand on as they own the majority of the shares. The announcement forced SR Gent to delay publication of its results for the year to June, which had been due yesterday. The company said it did not

know when those results would now be announced. The disaster at Clothing Barn is the second time SR Gent has been forced to withdraw from high street retailing. In 1994 it took a £7m provision to withdraw from the Susan Woolf fashion stores which pushed the group into a £4m loss that year. Clothing Barn was launched at around the same time but this year the company found that "significant amounts" of finished garments and stocks earmarked for sale through the stores would not reach their book values. In addition, a large amount of fabric and accessories could not be sold or made up into finished garments for sale at prices that would cover their book value. The cost of this stock write-down together with the cost of the store closures have forced the £14m exceptional charges. The company said: "The estimated provisions have resulted in the need for the group to

re-negotiate certain aspects of its banking arrangements." The company added that it would make a further announcement as soon as possible. SR Gent makes ladieswear such as blouses, dresses and skirts for Marks & Spencer and has annual sales of around £150m. Shares in the company tumbled in June when it issued a profits warning. Management blamed the poor weather which had hit demand for summer clothing. Fashion sales were particularly disappointing. The company also said that a weak South African economy had damaged sales and that it was looking to sell its Cape Town factory. In the six months to 31 December, SR Gent recorded unchanged profits of £2.8m. In the last full year to July 1995 it made profits of £6.3m on sales of £154m. The company's shares stood at 103p at one stage last year.

Grampian in £69m deal

MAGNUS GRIMOND

Grampian Holdings, the Scottish mini-conglomerate, yesterday announced a £69m recommended deal to take control of the Edinburgh Woollee Mill shops chain and its related Scottish Woollee textile manufacturing operations. The cash and shares offer is to be part-financed through a one-for-five rights issue at 12.5p a share to raise £14.8m. The two transactions will bring a windfall of around £45m to the Stevenson family, which is the highest shareholder in the two companies being acquired. David Stevenson, chairman, will join the Grampian board, along with EWM managing director Colin Birrell, as part of a wider

shake-up of the board. News of the deal sent Grampian's shares 4p lower to 140.5p. The acquisition represents an about-turn for Grampian. It has been talking for at least 18 months of floating its existing 25 per cent stake in Edinburgh Woollee Mills, which it picked up after the merger with its Pilsch Knitwear business in 1993. The group, chaired by Bill Hughes, said the EWM board had carried out a detailed strategic review earlier this year which concluded that a flotation was not the preferred option. As a result, Grampian had decided to make an offer which would be earnings-enhancing. Mr Hughes described Edinburgh Woollee Mills as "a rare opportunity to expand the

group, affording excellent prospects for sustained growth". Some analysts, however, criticised the acquisition as running contrary to the previously stated intention of giving more focus to the business, which already encompasses veterinary products, transport and sporting goods. One analyst suggested that the deal represented "a disguised reverse takeover", with the new directors coming aboard providing a source of possible successors to Mr Hughes. Edinburgh Woollee Mills has 229 outlets in tourist areas, market towns and visitor centres. Grampian yesterday unveiled an 11 per cent rise in pre-tax profits to £4.75m for the six months to June. The interim dividend rises 8.3 per cent to 1.95p.

Lacking the genius for growth

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Guinness has been a pathetic investment over the past five years, slipping further and further behind the rest of the market as year after year profits have emerged little changed from the previous period.

You would have had to have held your Guinness shares since 1990 in order to have achieved any sort of absolute gain and even then you would be looking at relative underperformance of a third or more. Pure Genius it ain't.

Figures for the first half of 1996 yesterday did little to put any fizz back into the shares even if, for the first time in several years, they did not precipitate a round of analysts' downgrades.

Although a 5 per cent rise in pre-tax profits to £357m was slightly above expectations, and free cash flow of £254m was strong, the top-line growth that will drag Guinness out of the investment doldrums remained elusive as ever. Focusing on a 4 per cent decline in Scotch sales, the market trimmed another 8p from the shares, which closed at 447p.

The problem for Guinness is that it is already generating good profits, with pre-tax margins in the mid to high teens, and throwing off enough cash to make periodic hand-outs to its shareholders. What it can't seem to achieve in the mature spirits and beer markets it serves around the world is growth, and growth is what share prices thrive on.

The chairman, Tony Greener, and his team do at least realise that the only way to generate that growth is to pour staggering amounts of cash into promoting its portfolio of brands. Half a billion pounds last year was spent on advertising and other promotion of Johnnie Walker, Gordon's and Guinness itself, but even that was only enough to tread water. You only have to look at smaller rival Matthew Clark to realise what might have happened to Guinness had it inflated its short-term profits by not shelling out that awesome amount.

It is also right to try to break the self-destructive scrap for market share that has led all the leading drinks companies to slash prices to push volumes in a basically static market. Guinness says it will not play that game this Christmas and has thrown the gauntlet down to its rivals to follow suit. It remains to be seen who loses their nerve first.

The sad fact is that there is no quick fix for Guinness - neither a bid for GrandMet nor demerger would solve the underlying need to increase volumes and prices.

Forecast profits of £955m this year, after underlying profits of £942m last time, and £1.02bn in 1997, put the shares on a prospective price-earnings ratio of 13 falling to 12 and promises another dull year.

Redland still looking exposed

Investors in building materials group Redland are still reeling from the dividend cut last year when the company's shares lost a third of their value in just seven months. Rehabilitating the roof of the company was always going to be a slow process, though some reassurance came when new chairman Rudolph Agnew said the dividend was sacrosanct.

Falling interest rates in Germany, where the bulk of profits are struck, also encouraged optimism, as did the sale of its bricks business to Istock for £160m, which left Redland to focus on tiles and aggregates.

But it was the merger of Redland's tiles business with Braas, its German joint-venture partner, to create the

world's largest roof-tile supplier that created most excitement. The move, which German tax authorities are expected to clear by the end of the year, should free capital for roofing markets outside Europe which have greater growth potential. A small joint venture in South Africa, for example, is imminent.

But atrocious market conditions still leave Redland looking exposed. Bad weather in the first quarter was blamed for the 42 per cent drop in pre-tax profits to £95m in the six months to June. European roofing profits nearly halved to £69m as German concrete tile volumes collapsed by 47 per cent in the first quarter. Incredibly, gross margins were maintained as selling prices above inflation were pushed through.

Even more remarkable is Redland's assertion that the German housing market has turned. It cites a 3 per cent rise in the first half for single and two family housing, the main market for pitched roofing. But this rosy view is not shared by its rivals like RMC and is hard to reconcile with a German economy being whipped into shape for European monetary union by deep public sector spending cuts.

Redland can also expect little help

from its aggregates side, where first-half profits fell to £27.5m from £35m and it is heavily dependant on an almost redundant UK roads programme.

Broker Albert E Sharp has slashed its 1996 pre-tax forecast to £251m from £303m with £310m (£345m) pencilled in for the following year. The shares, up 2.5p to 447p, stand on a chunky forward multiple of 21 falling to 17 and yield just 4.7 per cent. Expensive.

McBride cleans up its gremlins

Few companies can have had a more fiery baptism on the stock market than McBride, Europe's biggest maker of own-label detergents. Launched in the midst of John Major's leadership crisis at 188p last July, things have gone from bad to worse. Last summer's problems with new concentrated detergents gumming up machinery were compounded by soaring raw material costs. The result was a profits warning earlier this year which sent the shares plummeting. Yesterday they clawed back 13p to leave them at 139p.

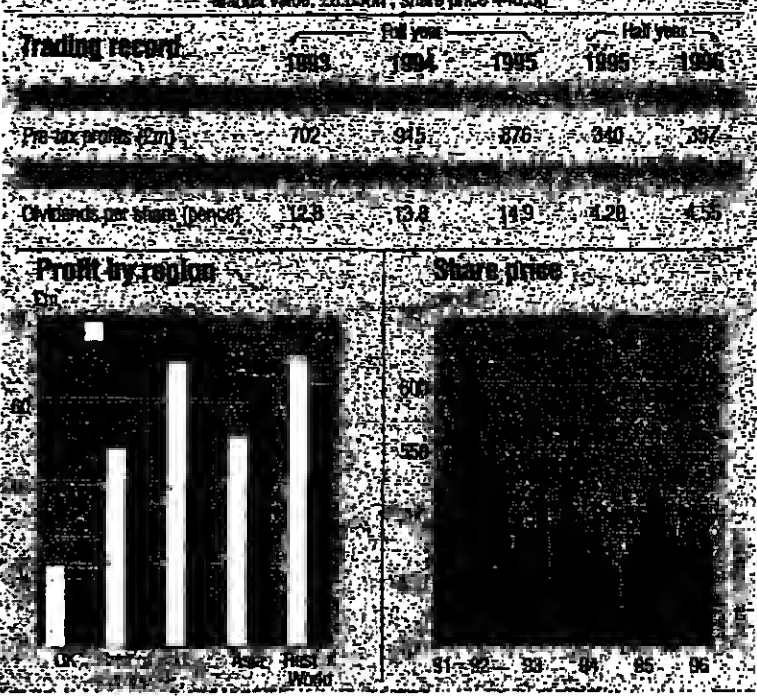
The market's optimism was prompted by figures suggesting that McBride is through the worst. Pre-tax profits slumped from £27.1m to £20.7m in the year to June, but the half figures hide a strong recovery in the second half. Stripping out £6.3m of one-off costs, mainly relating to expelling the gremlins at the Barrow detergent factory and cutting up to 500 jobs, underlying margins expanded from 6.7 per cent to 7.4 per cent between the two halves.

McBride is within striking distance of its aim to raise margins to between 7.5 and 8.5 per cent. Barrow is said to be sorted out, raw materials are back to more normal levels and a management restructuring is about to be completed with the appointment of a new managing director in the UK. With cost savings on top and a core business growing at above 5 per cent, Barclays de Zoete Wedd is looking for further recovery to deliver profits of £31m this year, putting the shares on a modest forward multiple of 10.

That looks too low, but the shares should not be chased. The own-label market has successfully fought off the price war initiated by Procter & Gamble, but the past year has also shown what little control McBride has over its own destiny. The group remains at the mercy of commodity chemicals prices on the one hand and on the other the big supermarket groups, four of whom take around 30 per cent of sales.

GUINNESS: AT A GLANCE

Market value: £2.65bn; share price 447.5p



A charitable Exchange celebrates the Big Bang

PEOPLE & BUSINESS

City higgys gathered at the Stock Exchange on Wednesday night to celebrate the 10th anniversary of "Big Bang". John Kemp-Welch, the Stock Exchange chairman, played host to Jack Wrigglesworth, head of Liffe, and Angela Knight, the Treasury minister, who were among the 600 guests. The theme was "past, present and future" with actors and waitresses dressed in top hats and bowlers. The highlight was a charity auction in aid of the Save the Children Fund. One thrill-seeker bid £800 for a "Go Loopy" flight on Cadbury's Crunchie Flying Circus open-cockpit bi-plane. Most extravagant was the £1,400 paid by one romantic for an overnight stay at one of the new penthouses at Claridge's. These come complete with dedicated butler and pantry service, of course.

Jim Maxximin, the former chief executive of Laura Ashley, is worried that he is falling apart. "I woke up last week with this excruciating pain all down one side and I thought 'Oh my God, what is this?'" Subsequent tests have revealed nothing more than a

kidney stone, which is being dealt with in London before he flies back to the United States at the weekend. "I must be getting old," he mopes. Pilling & Co, the Manchester-based private client stockbroker, is closing its London office. Word is that the reason is a long-running spat between the senior people in Manchester and the partner in the London office, Nigel Goodlife.

Mr Goodlife was tight-lipped on the subject yesterday, though he admitted that the broker had written to its clients informing them of the impending closure. "I've got no comment to make."

Ian McAllister, the chairman and managing director of Ford Motors in Great Britain, will have to pay special attention to the drink-driving laws with his latest appointment. He has been named non-executive director of Scottish & Newcastle, the brewing and pub group which pro-

duces high-octane brews such as Theakston's Old Peculier and Holsten Pils.

News drifts in of a fresh development in the row over Europe. The subject of heated debate this time is not the Euro-currency or the Euro-sausage, but the Euro-bottle. McBride, the detergents company, run by Mike Handley, has been working on just such a vessel in order to harmonise plastic bottles across the European Community.

What's the point, you might think. Well, the benefit to manufacturers such as McBride is that a standard size would be cheaper to produce than lots of different ones for each nation state.

The Italians, Spanish, French and Belgians are all mustard keen. But one country is dragging its feet. You've guessed it, good old Blighty.

Britain wants to retain the individuality of its plastic bottles and is standing firm against Euro-interfer-

ence on the matter. There's nothing like fighting the big battles, is there?

Mark Slater, son of investment guru Jim Slater, is to try his hand at politics. Slater junior, who is only 27, is the prospective parliamentary candidate for Jimmy Goldsmith's Referendum Party in the London constituency in Battersea. Asked to explain himself, Mr Slater said: "I think Europe is the single most important issue we face at the moment and none of the major parties is really addressing it properly."

Mr Slater, who runs Slater Investments using his father's techniques, reckons he has a chance to overturn the 4,800 majority of the incumbent MP, John Bowis.

"I wouldn't underestimate my chances," he says. "Battersea is a fairly young constituency and the people there are pretty unimpressed with the government and politicians generally. I think they are open-minded."



Nigel Cope: Trouble brewing if he mixes his directorships

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Andrews Dymally (F)	26.1m (22.7m)	3.41m (-1.48m)	14.2p (-16.8p)	3.5p (nil)
Beezer (F)	380m (413m)	46.5m (56.7m)	11.78p (13.35p)	8p (5.85p)
British Dredging (F)	79.0m (19.0m)	0.78m (0.89m)	2.96p (2.82p)	2.8p (2.5p)
Brands Hatch Aggregates (F)	73.7m (11.8m)	0.80m (0.86m)	0.8p (1p)	4p (-)
English & Overseas (F)	5.31m (3.24m)	0.25m (0.34m)	0.25p (0.41p)	-
Garrett Engineering (F)	14.7m (15.3m)	0.40m (0.87m)	8.68p (11.43p)	1.5p (1.5p)
Grampian Holdings (F)	74.0m (70.0m)	4.75m (4.25m)	4.55p (4.24p)	1.85p (-)
Ernst & Plass (F)	6.44m (7.95m)	-0.57m (0.35m)	-5.9p (2.3p)	1p (5.1p)
Delamere (F)	2.05m (2.04m)	267m (240m)	12.4p (11.5p)	4.55p (4.2p)
Hannover Property (F)	2.0m (5.93m)	-5.30m (-1.85m)	-3.31p (-1.23p)	-
Herold Wiltshire (F)	42.1m (38.5m)	1.81m (0.85m)	6.7p (0.6p)	nil (nil)
Higgs & Hill (F)	174m (168m)	-1.84m (0.58m)	-3.6p (0.7p)	1p (1p)
Northlight Technology (F)	68.2m (47.5m)	7.96m (7.77m)	18.55p (16.63p)	4p (3.5p)
Independent Radio (F)	0.97m (-)	-0.75m (-)	-7.5p (-)	nil (-)
Malaysian Group (F)	170m (151m)	1.07m (1.46m)	0.48p (0.66p)	0.33p (0.33p)
McBride (F)	488m (441m)	20.7m (27.1m)	9.5p (20.9p)	6.7p (-)
McLennan (F)	5.80m (-)	0.80m (0.007m)	1.7p (nil)	0.375p (-)
My Kindsa Team (F)	31.4m (27.8m)	2.57m (3.40m)	10.3p (10.1p)	3p (-)
Morson Holdings (F)	24.9m (23.8m)	0.35m (1.89m)	0.5p (5.3p)	1.1p (1.65p)
Usher Group (F)	28.4m (24.5m)	7.55m (-3.14m)	23.96p (-12.45p)	nil (-)
Drummonds (F)	0.25m (0.20m)	-0.87m (-0.28m)	-3.16p (-1.76p)	nil (nil)
Fluoro Energy (F)	4.17m (3.61m)	0.69m (0.61m)	2.01p (2.06p)	-
Redland (F)	1.10m (1.30m)	95.5m (168m)	9.4p (14.3p)	5.5p (5.5p)
Redcliffe (F)	77.1m (82.7m)	20.1m (13.5m)	25.26p (16.04p)	8.65p (8.41p)
Redfield (F)	4.71m (5.00m)	0.12m (0.02m)	0.2p (-4.5p)	-
Trinity Holdings (F)	128m (101m)	8.06m (7.51m)	8.7p (8.7p)	2.8p (2.8p)
Tide Cello (F)	183m (195m)	17.4m (16.0m)	10.9p (9.5p)	3.8p (3.2p)

(F) - Final (I) - Interim (I) Figures for 10 months to June 30

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Tories' workfare may turn out to be a work farce

The gardens of the elderly will be cleared and the waste sites of the inner cities cleaned - if the Conservatives win the election. Apparently the party plans to include workfare in its election manifesto, expanding a pilot scheme called Project Work which demands that the long-term unemployed do community work in return for their benefits.

In principle, the fact that the Government is interested in subsidising work rather than unemployment should be good news. A consensus is growing in Britain and abroad that the unemployed should not be abandoned to their ghettos, and need instead active support from government to become more employable and find jobs. As the OECD pointed out in its Jobs Strategy earlier this year, "in the area of... training and employment programmes, the United Kingdom has been rather reluctant to commit major resources... Cutting long-term unemployment to more acceptable levels will probably require interventions - at least on a temporary basis - which are more resource intensive than job-search assistance and job-finding incentives."

It would be wonderful if the Conservatives were conceding that active intervention to help the long-term unemployed was now overdue.

However, there is a world of difference between job programmes, which effectively help people into real jobs, and meaningless make-work schemes, which waste public money and frustrate the unemployed. Given the lack of interest the Government has so far shown in expanding policies for private sector wage subsidies, or high-quality training and work experience programmes, the Conservative workfare looks ominously like make-work.

ECONOMIC VIEW

YVETTE COOPER

There is a problem with long-term unemployment that should, in principle, be susceptible to state intervention. The longer people stay on the dole, the harder it becomes to find work. In the first month after leaving work, the chance of finding another job in the next 28 days is around 23 per cent. After six months that chance has fallen to 13 per cent, after two years to 7 per cent.

Part of the explanation is that employers quickly snap up the brightest and best qualified, leaving behind their less attractive peers. Some 30 per cent of the unemployed have no qualifications. Of the very long-term unemployed, those out of work for more than two years, more than

touch with working routines. Left to itself, the market is failing to match these people with jobs.

The crisis question, however, is what kind of help the state can most usefully and cost-effectively provide to make the unemployed more employable and get them into jobs. The OECD recommends employment subsidies to public or private sector employers who take on the long-term unemployed.

Gordon Brown, the shadow chancellor, has proposed a variant of this kind of programme for the long-term unemployed and the young unemployed. Private sector employers would be given a subsidy (£75 a week in the case of those out of work for

a community work scheme such as Project Work, rather than a system of training and private sector wage subsidies, it is making a big mistake.

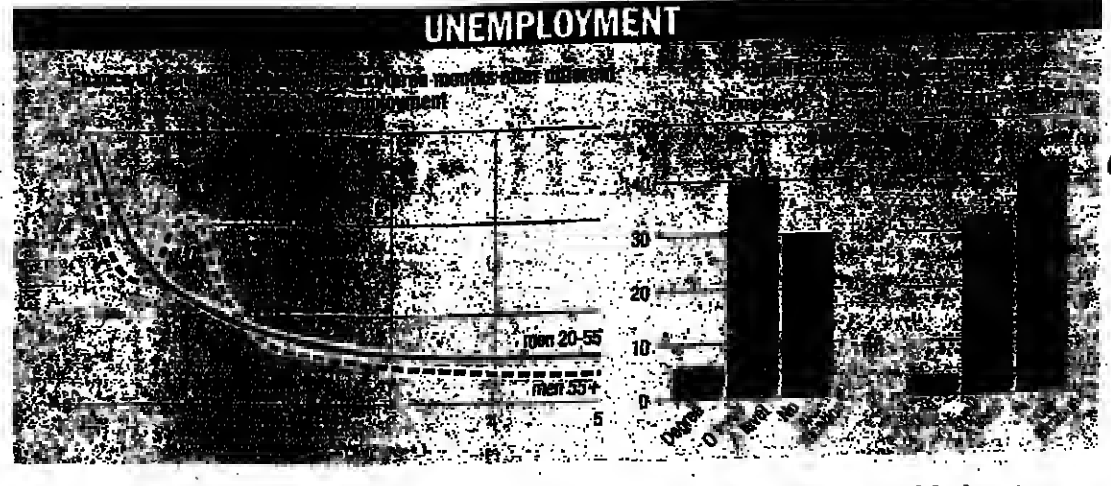
Admittedly, there have been important criticisms made of private sector wage subsidies. Opponents argue that the subsidies help employers without creating net new jobs or improving the prospects of the unemployed. Through "substitution," so the story goes, the long-term unemployed take jobs that would otherwise have gone to the short-term unemployed. An evaluation of wage subsidies in other countries done by the economic consultants Nera for the Department of Education and Employment suggests they had limited effect on net employment.

However, this research is not conclusive. The surveys calculate the net effect on employment mainly by asking the employers who took up the subsidy whether they would have created the job without the extra cash. What we don't know is whether other employers took on those displaced short-term unemployed instead.

Richard Layard, director of the LSE's Centre for Economic Performance, is optimistic about the effect of job subsidies on overall employment levels, arguing that the displaced short-term unemployed would easily find work elsewhere.

Admittedly, where demand for labour is limited, there is bound to be substitution between the unemployed. But the OECD points out that the subsidy in favour of the disadvantaged is still justified on equity grounds. Without it, the long-term unemployed will stay on the dole for much longer than their peers who only lost their last job a month ago.

Moreover, these work subsidies, if properly targeted and monitored,



do seem to help. In a recent NBER paper, Larry Katz, a Harvard economist, reviewed a series of US wage subsidy programmes and concluded that, while the impact was modest, the young disadvantaged in particular did see their employment

paid at least the minimum wage is a good way to prevent them becoming low-status adult equivalents to the old Youth Training Scheme. A minimum also saves the state money on in-work benefits, and makes the entire approach more cost-effective.

large numbers of the long-term unemployed into work through intensive training and work. However, these kinds of operations are expensive, and the Government has proved unwilling even to establish pilot schemes which are resource intensive. The chances of a delivering expensive programmes to push the long-term unemployed into work seem rather slim.

In the absence of direct job placement or good quality training and work experience, the alternatives look ominous. Canals, gardens and wasteland may help some of the unemployed, but many will be deeply frustrated. Making benefits conditional on placements such as Project Work, without providing any more constructive, cost-effective alternatives, will not be good for the unemployed or the taxpayer. If the only purpose of this kind of workfare is to force the unemployed into menial, meaningless schemes just to prove to the rest of us that they are not lazy, then it will be unethical as well.

'Work subsidies, if properly targeted and monitored, do seem to help the jobless'

40 per cent have no qualifications. But there is an additional obstacle for the long-term jobless. Unemployment damages people in the eyes of employers. The wages available to the unemployed are considerably lower than to those with identical qualifications who have switched between jobs.

It seems unsurprising then that long periods out of work should be more stigmatising than short periods. In addition, the jobless can become demoralised, depressed, and out of

more than two years) if they gave a job to someone in the target group. The advantage of this kind of private sector subsidy is that it catapuls the unemployed directly into the real labour market - perhaps into a job that will last, but certainly into the auspices of a recognised employer. Direct temporary work creation on programmes such as Project Work undoubtedly has its place for those who can't even get subsidised jobs. However, if the Government is considering a widespread expansion of

'Of the very long-term unemployed, more than 40 per cent have no qualifications'

prospects improve because of the subsidy. A similar study of wage subsidies for the long-term unemployed in Holland suggested that their re-employment prospects rose by 10 per cent because of the programme.

The important trick is to ensure that the programmes are well monitored, that employers are prevented from simply recruiting and then ditching one subsidised employee after another, and that employers and employees regard the post as a proper job. Ensuring that the job is

But given that a minimum wage is not on the Conservatives' agenda, nor are the showing much interest in expanding work subsidies, it seems unlikely that this is the kind of workfare the party has in mind.

So if work subsidies are off the Conservatives' workfare agenda, what's left? High-quality government or voluntary sector training and work experience programmes could be extremely beneficial for the long-term unemployed. The successful Wise Group has managed to lever

Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	1.524	7.5	14.11	1000	0.6572
Canada	2.368	11.3	50.37	1367	2.1
Germany	2.374	52.48	59.142	1217	25.28
France	6.0465	51.84	59.387	5145	78.73
Italy	2.032	48.3	142.85	822.8	44.51
Japan	172.5	75.10	226.28	1038	45.44
ECU	1.455	6.11	49.40	125.45	7.8
Belgium	48.91	11.8	31.28	3136	65.45
Denmark	8.338	59.18	448.235	55462	270.220
Netherlands	2.667	65.57	157.14	1207	38.39
Ireland	0.7533	7.3	20.14	16020	4.7
Norway	2.0145	29.50	310.200	64822	42.17
Spain	200.00	21.31	88.98	128.01	33.22
Sweden	10.380	0.6	1.9	65503	2.27
Switzerland	1.6554	54.46	165.42	129.17	40.18
Australia	1.0221	20.31	87.85	128.21	19.21
Hong Kong	12.781	0.11	224.70	7735	2.12
Malaysia	3.9181	0.0	0.0	25078	4.14
New Zealand	2.2227	43.57	133.66	14290	30.32
Singapore	5.8966	0.0	0.0	37505	88.90
Saudi Arabia	2.996	0.0	0.0	14080	41.3

Other Spot Rates

Country	Spot	Dollar	Country	Spot	Dollar
Argentina	15927	10000	Nigeria	125.235	80.400
Australia	167.254	107.063	Oman	0.0916	0.0890
Brazil	102.58	100.00	Philippines	72.702	26.230
Canada	2.3737	83.021	Portugal	241.777	154.890
China	5.388	34.091	Russia	5.6878	34.842
Denmark	7.465	45.700	South Africa	7.0823	45.388
France	26.7528	241.800	Switzerland	27.6900	166.000
Germany	55.6879	316.000	UAE	5.7400	33.731
Hong Kong	0.0890	83.001	UK	1.0000	1.0000

Forward rates quoted high to low are at a discount; all other rates quoted low to high are at a premium. Dollar rates quoted are spot rates. For the latest foreign exchange rates call 0801 323 3033. Cables cost 30p per minute (cheap rates) 40p other times.

Interest Rates

UK	Base	5.75%	Germany	Discount	2.50%	US	Prime	8.75%	Japan	Discount	0.50%
France	Intervention	3.95%	Canada	Fed Funds	5.25%	France	Discount	5.00%	Belgium	Central	2.50%
Italy	Discount	8.25%	Denmark	Repo (Avg)	7.25%	Italy	Discount	10.00%	Switzerland	Central	3.00%
Netherlands	Advances	2.50%	Sweden	Repo (Avg)	6.5%	Netherlands	Discount	3.25%	Sweden	Central	1.00%
									Denmark	Central	4.25%

Bond Yields

Country	10yr	5yr	1yr	Country	10yr	5yr	1yr
UK	7.1%	7.07%	6.6%	Netherlands	6.1%	5.5%	5.2%
US	6.1%	6.4%	6.5%	Spain	8.2%	8.8%	7.8%
Japan	5.51%	5.7%	5.7%	Italy	9.1%	9.7%	8.7%
Australia	5.1%	5.2%	5.2%	Belgium	5%	5.4%	5.2%
Germany	5.38%	5.07%	5.07%	Sweden	5.1%	5.6%	5.7%
France	5.9%	5.7%	5.7%	ECU	6%	5.2%	7.3%

Money Market Rates

Interbank	1 Day	1 Month	3 Months	6 Months	1 Year
UK	5.4%	5.4%	5.4%	5.4%	5.4%
US	5.4%	5.4%	5.4%	5.4%	5.4%
Germany	5.4%	5.4%	5.4%	5.4%	5.4%
France	5.4%	5.4%	5.4%	5.4%	5.4%
Italy	5.4%	5.4%	5.4%	5.4%	5.4%
Japan	5.4%	5.4%	5.4%	5.4%	5.4%

Tourist Rates

Country	1000	Country	1000	Country	1000
Australia	167.254	France	6.0465	New Zealand	2.2227
Canada	2.3737	Germany	26.7528	South Africa	7.0823
China	5.388	Italy	2.032	Switzerland	1.6554
Denmark	7.465	Netherlands	2.667	UAE	5.7400
France	26.7528	Sweden	2.0145	UK	1.0000
Germany	55.6879	Spain	200.00		
Hong Kong	0.0890	Switzerland	1.6554		
Italy	2.032	UAE	5.7400		
Japan	172.5	UK	1.0000		

Life Financial Futures

Contract	Settlement	High/Low	Settlement	High/Low
Long Call	100.00	100.00	100.00	100.00
Short Call	100.00	100.00	100.00	100.00
Long Put	100.00	100.00	100.00	100.00
Short Put	100.00	100.00	100.00	100.00

Life FT-SE Index Option

Series	3000	3500	4000	4500
Oct	108.73	108.73	108.73	108.73
Nov	108.73	108.73	108.73	108.73
Dec	108.73	108.73	108.73	108.73
Jan	108.73	108.73	108.73	108.73

Energy

Contract	Settlement	High/Low	Settlement	High/Low
Long Call	100.00	100.00	100.00	100.00
Short Call	100.00	100.00	100.00	100.00
Long Put	100.00	100.00	100.00	100.00
Short Put	100.00	100.00	100.00	100.00

Commodity Indices

Index	Value	Index	Value	Index	Value
Oil	100.00	Gold	100.00	Silver	100.00
Grain	100.00	Copper	100.00	Aluminum	100.00
Iron	100.00	Lead	100.00	Zinc	100.00

Industrial Metals

Aluminum	1000	Aluminum	1000	Aluminum	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000

Precious Metals

Platinum	1000	Platinum	1000	Platinum	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000

Agricultural

Cocoa	1000	Cocoa	1000	Cocoa	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000

Other Softs

Oil	1000	Oil	1000	Oil	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000
1000	1000	1000	1000	1000	1000

Latest Unit Trust Prices

Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld	Stock	Sell	Buy	Yld
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RACING: The favourite for tomorrow's big race at Ascot is living proof that the dreams of the auction ring can turn into reality

Off to the sales in search of a Sham rather than a dud

However she fares in tomorrow's Queen Elizabeth II Stakes at Ascot, Bosra Sham has already proved the exception to a rather expensive rule. The chestnut filly took the 1,000 Guineas back in May, she became the first "top lot" at Europe's swankiest yearling auction, the Houghton Sale in Newmarket, to win a Classic for high on half a century.

Her predecessor was Sayajirao, hero of the 1947 St Leger, who cost the fabulously wealthy Maharaja of Baroda a then-unprecedented 28,000 guineas. He was worth every penny; so, at 530,000 guineas, was Bosra Sham. But along the way — as the accompanying table shows — there have been some mighty costly blunders.

The honour of fetching the highest price of the sale has traditionally been a dubious one, akin to a kiss of death as far as future performance is concerned. But Bosra Sham's comeback to the track could hardly have been better timed as far as Tattersalls, the New-

market auctioneers, are concerned, serving as a reminder that half-a-million plus can be money well spent just three days before the 1996 Houghton Sale opens.

At 5.15 on Tuesday evening, the sales company chairman, Edmond Mahony, will take the rostrum in the handsome domed auction ring to open the bidding on a son of Cadeaux Genereux, the first of 284 catalogued yearlings which represent, on paper at least, the cream of the commercial crop.

By the end of proceedings at about nine o'clock on Thursday night, some of the world's richest men and women will have bid £20m on goods that come straight from the factory, untested and with no guarantees that they will not break the first time they are used.

But when there is the chance of buying a Bosra Sham, a Sayajirao, or even a Relkino or a Hot Spark, all that guff about untested and with no guarantees that they will not break the first time they are used.

Sue Montgomery on the hopes that drive Europe's top yearling auction

optimism as wealth, and it has been so ever since yearling auctions came into vogue around 170 years ago.

The first four-figure transaction was over the subsequently all but useless Glenlivet (1,010 guineas in 1837) and it was not until the coming of La Fleche (5,500 guineas in 1890) and Sceptre (10,000 guineas in 1900) that the top of the market acquired credibility. That pair won seven Classics between them.

Nowadays, a sale like the Houghton represents an industry at work at the highest level. The vendors are breeders, who nurture their potential gold mines from conception onwards, and pinhookers, bold speculators whose commodity is foals bought specifically to trade on. The buyers are those

searching for success on the racecourse; next week's yearlings will be the Classic generation of 1998.

The bloodstock market is at present undergoing a revival, and the auction figures recorded elsewhere in the world this year bode well for next week's proceedings.

In the weeks leading up to the sales, vendors, and the consignors who prepare their horses on a commission basis, scan racing results with almost paranoid intensity. Being related to a big or promising winner can put tens of thousands on a youngster's value, and the progress this year of the Prix de l'Arc de Triomphe prospects Pilsudski and Darzazi, and two-year-olds Fiji and One So Wonderful will have done no harm to the sale prospects of their young siblings. And the Irishman who paid 115,000 guineas for a Fairy King colt-foal last December will be delighted that the stallion is responsible for the Arc favourite, Helissio.

To highlight the fate of the sales-toppers is more a curiosity than a condemnation of the judgement of the so-called experts, for it is in the nature of horses that there will be more duds than champions.

Plenty of good horses are bought at auction (although, statistically, home-bred still lead the way in the Derby) and at all levels of the market. Of Group One winners this year, Lady Carla, who gave Bosra Sham's owner, Waft Said, a double Classic whizzy, cost 220,000 guineas, Soviet Line 185,000, Katsam 75,000, Pentire 54,000 and Bahamian Bounty 45,000.

All the potential in the world will parade before willing buyers next week, and who is to say that Bosra Sham has not set a trend, for Entrepreneur, who made the joint top-price of 600,000 guineas last year, looked full of talent when he brought his score to two out of three at Chester on Wednesday. And the dream he represents is what keeps this industry going.

Richard Edmondson, NAP: Kid Ory (Redcar 4.10) NB: Zaina (Redcar 4.40)

to pay for the basic products. Choice will be the watchword.

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TOP LOTS AT TATTERSALLS' HOUGHTON SALES OVER 25 YEARS

Year	Name	Colour/Gender/Age	Price	Purchaser
1971	FRANCIS REVIEW	bay colt Native Prince-Rever	150,000gns	Mr Douglas and Lady Cagney
1972	LA COSSAIRE	bay filly Danvers' Image-Highland Reel	50,000gns	Baroness Farnham
1973	NOV SPARK	chestnut colt Habber-Ganey Girl	72,000gns	Raw Tiddo
1974	RELKINO	bay colt Fello-Pughray	88,000gns	Lady Bouverton
1975	MILLION	chestnut colt Mill Reef-Labiale	202,000gns	Lady Bouverton
1976	GANNARY	bay colt Habber-Jeffe	85,000gns	C St George & D Schwartz
1977	LINK	bay colt Lyphard-Chall	250,000gns	Robert Sangster
1978	SAND HAMMY	chestnut colt Grady-Panor	284,000gns	Khalid Abdulla
1979	SHADEER	bay colt Lyphard-Sunbelt	625,000gns	Hamdan Al Maktoum
1980	DELLINGHAM	bay colt Green Daner-Dance	630,000gns	Serge Frachot
1981	SOUTH ATLANTIC	bay colt Mill Reef-Arkade	640,000gns	Robert Sangster
1982	AT TARE	chestnut colt Tap On Wood-Venocet Air	400,000gns	Hamdan Al Maktoum
1983	NEED WORKING	chestnut colt Halls Gogogue-Centre Piece	1,050,000gns	Robert Sangster
1984	LEAD ON TIME	bay colt Nureyev-Nether	1,400,000gns	Maktoum Al Maktoum
1985	FUSION	bay colt Mill Reef-Gift Wrangled	600,000gns	Stavros Niarchos
1986	THE SOVIET	bay colt Nureyev-Elole de Paris	600,000gns	Sheikh Mohammed
1987	ALDIA	bay colt Mill Reef-Lady Constance	790,000gns	Hamdan Al Maktoum
1988	CLASSIC MUSIC	bay colt Northern Dancer-Fairy Bridge	2,400,000gns	Classic Thoroughbreds
1989	MILLARY	chestnut colt Nureyev-Hilltop	700,000gns	Maktoum Al Maktoum
1990	INES FLAME	bay filly Sadler's Wells-Hellish Flame	840,000gns	Messiah Pottery
1991	RICHARD OF YORK	bay colt Rainbow Quest-Trip	380,000gns	Sheikh Mohammed
1992	FILLING IN LOVE	bay filly Sadler's Wells-Ly	430,000gns	Mitsuo Haga
1993	WELLS WHISPER	bay filly Sadler's Wells-Whisper	880,000gns	Georg Von Ullmann
1994	BOSRA SHAM	chestnut filly Woodman-Panor	530,000gns	Waft Said
1995	ENTREPRENEUR	bay colt Sadler's Wells-Exclusive Order	600,000gns	M Tabor & Mrs J Magner
1996	HAPPY VALENTINE	bay colt Rainbow Quest-Hellish Flame	600,000gns	Godolphin

Schindler's Arc assault

The Irish St Leger winner, Oscar Schindler, will attempt to continue his winning sequence in the Prix de l'Arc de Triomphe at Longchamp a week on Sunday. Kevin Prendergast, his trainer, announced yesterday that the colt may also tilt at the Melbourne Cup on 5 November.

"There is a good span between the races of about a

Carson still in intensive care

Willie Carson spent his seventh night in intensive care at the North Hampshire Hospital in Basingstoke last night. A spokeswoman for the hospital yesterday said: "There is no change in Mr Carson's condition and he is still in intensive care." The 53-year-old jockey was kicked in the paddock at Newbury last Friday.

Class barriers to return

Sandown racecourse is to abandon its combined-enclosures experiment that has been attempted on certain race-days and return to separate Club and Tattersalls enclosures in an effort to boost attendances.

Stephen Wallis, racing manager at Sandown, said: "Combined enclosures deprived those racegoers who wanted to pay for exclusivity the opportunity to do

HAYDOCK

2.00 Infatuation
2.30 Alight Then
3.00 Sugar Mill

GOING: Good to Firm.
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